DP WORLD ANNOUNCES FINANCIAL RESULTS
Adjusted EBITDA growth of 17.7% in 2019

Dubai, United Arab Emirates, 11 March 2020. DP World announces robust financial results for the year ended 31 December 2019. On a reported basis, revenue grew 36.1% and adjusted EBITDA increased 17.7% with adjusted EBITDA margin of 43%, delivering profit attributable to owners of the Company, before separately disclosed items[1], of $1,328 million, up 4.6% and EPS of 160.0 US cents.

Results before separately disclosed items unless otherwise stated	**2019**	**2018**	**As reported % change**	**Like-for-like at constant currency % change[2]**
USD million				
Gross throughput[3] (TEU '000)	71,248	71,419	(0.2%)	1.0%
Consolidated throughput[4] (TEU '000)	39,930	36,760	8.6%	(0.5%)
Revenue	7,686	5,646	36.1%	2.3%
Share of profit from equity-accounted investees	153	165	(7.1%)	(2.2%)
Adjusted EBITDA[5]	3,306	2,808	17.7%	0.5%
Adjusted EBITDA margin[6]	43.0%	49.7%	-	49.6%[7]
Profit for the period	1,341	1,333	0.6%	5.0%
Profit for the period attributable to owners of the Company before separately disclosed items	1,328	1,270	4.6%	5.4%
Profit for the period attributable to owners of the Company after separately disclosed items	1,189	1,297	-8.3%	-
Basic earnings per share attributable to owners of the Company (US cents)	160.0	153.0	4.6%	-
Ordinary dividend per share (US Cents)	40.0	43.0	-7.0%	-

Results Highlights

- **Revenue of $7,686 million**
  - Revenue growth of 36.1% driven by acquisitions including P&O Ferries (UK), Topaz Energy & Marine (UAE) and the two terminals in Chile (Puerto Central and Puerto Lirquen) as well as the full year impact from Continental Warehousing Corporation (India), Cosmos Agencia Maritima (Peru) and Unifeeder (Denmark), and the consolidation of Australia region.
  - Like-for-like revenue increased by 2.3% driven by 16.0% growth in non-container revenue.

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[1] Before separately disclosed items (BSDI) primarily excludes non-recurring items. DP World reported separately disclosed items loss of $146.9 million in 2019.

[2] Like-for-like at constant currency is without the new additions at Puerto Central and Puerto Lirquen (Chile), P&O Ferries and Ferrymasters (UK), Topaz Energy & Marine (UAE) and Posorja (Ecuador). For the acquisitions made during the year 2018, i.e., Continental Warehousing (India), Cosmos Agencia Marítima (Peru) and Unifeeder (Denmark), and Discontinuation of Surabaya (Indonesia), Doraleh (Djibouti) and Tianjin (China), a similar period is compared in 2019. The consolidation results of DP World Australia in 2019 is compared with similar period in 2018. The impact of IFRS 16 is given effect from 1st Jan 2018 for like-for-like.

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

- **Adjusted EBITDA of $3,306 million and adjusted EBITDA margin of 43.0%**
  - Adjusted EBITDA grew 17.7% and achieved an EBITDA margin for the full year of 43.0%.
  - Like-for-like adjusted EBITDA margin was at 49.6.%.

- **Profit for the period attributable to owners of the Company of $1,328 million**
  - Strong adjusted EBITDA growth resulted in a 4.6% increase in profit attributable to owners of the Company before separately disclosed items on a reported basis and 5.4% growth on a like-for-like basis at constant currency.

- **Strong cash generation and robust balance sheet**
  - Cash from operating activities was $2,462 million.
  - Free cash flow (post cash tax maintenance capital expenditure and pre-dividends) amounted to $2,058 million.
  - Leverage (Adjusted Net Debt to adjusted EBITDA) at 3.9 times. Pre IFRS 16 leverage stands at 3.4 times.

- **Proposed Total dividend per share of 40 US cents**
  - Proposed ordinary dividend of 40 US cents which is broadly in line with historic pay-out ratio.

- **Bond Transaction Executed at Record Levels**
  - Raised $2.3bn through issuance of long-term bonds at record low rates to remove refinancing risk.
  - Further strengthens balance sheet and offers financial flexibility.

- **Continued Investment Across the Portfolio**
  - Ports & Terminals investments include two new terminals in Chile (Puerto Central and Puerto Lirquen) and consolidation of terminals in Australia.
  - Logistics investment includes acquisition of Pan-European logistics platform of P&O Ferries and Marine logistics operator, Topaz Marine & Energy.
  - Capital expenditure of $1,146 million invested across the existing portfolio.
  - In 2019, gross global capacity was at 91.8 million TEU. Consolidated capacity was at 54.2 million TEU.
  - Capital expenditure guidance for 2020 is up to $1.4 billion with investments planned in UAE, Prince Rupert (Canada), London Gateway (United Kingdom), Jeddah (Saudi Arabia), Callao (Peru), Sokhna (Egypt) and Berbera (Somaliland).
  - Posorja, the only deep-water port in Ecuador with capacity of 750k TEU opened on time and on budget.
  - 30-year concession renewal at Jeddah Islamic Port, largest port and hub that connects East-West cargo in the Kingdom of Saudi Arabia.

- **Global trade outlook uncertain**
  - Global trade outlook remains uncertain due to supply chain disruption caused by Covid-19 outbreak.
  - We continue to focus on maintaining our disciplined approach to investment to deliver integrated supply chain solutions to cargo owners.
  - Looking ahead into 2020, we will focus on integrating our recent acquisitions and managing costs to protect profitability.

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

"DP World is pleased to report like-for-like earnings growth of 5.4% in 2019 and attributable earnings of $1,328 million. Adjusted EBITDA grew 17.7% to $3,306 million with margins at 43.0% on a reported basis and 49.6% on a like-for-like basis. This performance has been delivered in an uncertain trade environment, once again highlighting the resilience of our portfolio.

We have continued to make progress on our strategy to deliver integrated supply chain solutions to cargo owners and have focused our efforts on building end-to-end capabilities for several verticals including the Automotive, Oil & Gas and FMCG industries. We are pleased to state that cargo owners have responded positively, and we are now delivering efficient solutions to our customers, which bodes well for the future.

More recently, after much deliberation, DP World has taken the decision to announce its plans to de-list its equity from the stock exchange and return to private ownership. The strength and resilience that our business continually demonstrates throughout the cycles is due to the investment the Group has made over the years in response to changes in our industry. Our ability to adapt and change has been the key to our success, and we must continue to evolve for continued success. We believe this long-term approach to business is not aligned with the short term thinking of equity markets and consequently the next stage of DP World's development will take place as a private company.

"Following the planned delisting, the leverage on the balance sheet will rise temporarily but we are confident of de-leveraging as we remain committed to a strong investment grade rating in the medium term. The business continued to generate high levels of cash flow and combined with more disciplined investment and potential capital recycling, we have enough flexibility to maintain a strong balance sheet. Our immediate focus is to integrate our acquisitions and explore synergies with the objective of providing a range of smart end-to-end solutions which will improve the quality of our earnings and drive returns.

"The near-term outlook remains a cause for concern with global trade disputes, Covid-19 outbreak and regional geo-politics, causing disruption to trade. However, DP World is well positioned to respond in the short term by focusing on disciplined investment and managing the cost base to protect profitability. Overall, we remain positive on the medium to long term outlook of the industry.

Finally, the Board of DP World recommends a dividend of $332.0 million at 40 US cents per share, which is in line with past policy of maintaining a payout ratio of at least 20%."

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11th March 2020, 12pm UAE, 8am UK Conference Call

- Conference call for analysts and investors hosted by Redwan Ahmed.
- 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

Global Trade Resilient Despite Headwinds

2019 has been dominated by the trade dispute between China and US, and while this has caused uncertainty, it is pleasing to see that container volumes still grew albeit in low-single digits. The near-term outlook for the container market currently may appear uncertain given the supply chain disruption caused by the outbreak of the Covid-19 virus but history suggests that trade will remain robust and recover after a period of uncertainty, and we remain positive on the medium to long term outlook for the market.

We aim to respond to the near term uncertainty by managing costs, while focusing on integrating our acquisitions to explore revenue synergies and drive earnings growth. Being financially disciplined has served us well over the years and it remains a priority to manage the growth opportunities whilst retaining a strong balance sheet. A portfolio focused on high value cargo and faster growing markets has delivered consistent financial performance and we aim to retain the shape of our portfolio that has a 70% exposure to origin and destination cargo and 75% exposure to faster growing markets.

Supply Chain Solutions

In 2019, we have focused on building our end-to-end capabilities in order to deliver an integrated supply chain solutions product that allows us to connect directly with end customers. To complement this strategy, we have made investments including P&O Ferries, Marine logistics operator Topaz Energy & Marine and short sea logistics provider Feedertech.

In Europe, our strategy is to provide efficient connectivity to and from hubs to end markets. P&O Ferries and Ferrymasters, which offer pan-European Ro-Ro (Roll-on Roll-off) short sea and landside connectivity will compliment Unifeeder which provides Lo-Lo (lift-on lift-off) short sea connectivity. The assets are highly complementary and combined with our significant port assets, it provides a platform to offer a compelling product to end cargo owners.

When we acquired Unifeeder, we stated that it was a product that could be scaled in new markets and the acquisition of Feedertech was the first step in this strategy. Feedertech is an asset-light business similar to Unifeeder and operates in the fast-growing trade route between Asia, Indian Subcontinent and Middle East. Longer-term we expect the short sea business to gain market share due to its ability to deliver a more sustainable product and we to continue to grow this product offering.

In addition to these investments, we continue to invest in container port terminals including the winning of the 30-year concession for the South Container terminal at Jeddah Islamic Port. DP World will invest $500 million to improve and modernise Jeddah port. 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), which allows 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 by taking a controlling stake, where we believe there is an opportunity to expand beyond ports into logistics. In Ecuador, we started operations at our new greenfield deep-water container port in Posorja with a capacity of 750k TEU's. The new Port and Special Economic Zone will significantly improve Ecuador's global competitiveness and position the country as a dynamic business hub for the west coast of South America.

2019 has also been a year with a focus on technology as we invest to build an intelligent platform that allows cargo owners to trade directly. Providing digital logistics services in real time is now a reality, and we remain focused on delivering an easy interface for cargo owners, freight forwarders and ocean freight liners who can use the platform to move products via sea, land and air.

Other innovation included the launch of intelligent High Bay Storage (HBS) system that aims to deliver the capacity of a conventional terminal in a third of the surface area. The patented design and rack structure of the system creates unique advantages and will change the way future ports are built.

In terms of capital expenditure, we invested $1,146 million in the year, below the guidance of $1,400 million as we curtailed spending given the uncertain trade environment. Our investment focused on UAE, Posorja (Ecuador), P&O Ferries (UK), Berbera (Somaliland), Sokhna (Egypt) and London Gateway (UK).

Capacity

Globally we added approximately 1.3 million TEU's of new gross capacity in 2019 to take our total gross capacity to 92 million TEU's. Consolidated capacity grew to 54 million TEU in 2019, compared to 50 million TEU in 2018 mainly due to the consolidation of Australia. By the end of 2020, we anticipate that we will have approximately 95 million TEU of capacity across our portfolio and we expect to add capacity in line with demand.

Group Chief Financial Officer's Review

DP World has delivered a solid set of financial results in 2019 despite challenging market conditions with continued strong cash generation as profit attributable to owners of the Company increased 4.6% to $1,328 million. Our adjusted EBITDA increased by 17.7% to $3,306 million, resulting in an adjusted EBITDA margin 43.0% against an adjusted EBITDA margin of 49.7% in 2018. The year-on-year margin dilution is due to continued mix change effect as lower margin businesses have now been consolidated into our portfolio. This trend will continue as we add more asset-light logistics businesses such as Feedertech.

It has been another year of progress in building our end-to-end supply chain solutions capability as we acquired P&O Ferries and Topaz Energy & Marine. These assets will provide a platform to deliver smart solutions to cargo owners across key verticals and have been the key driver of the top line, with reported revenue growing by 36.1%. In contrast, the more modest like-for-like performance reflects the headwinds the industry is facing. Like-for-like revenues grew by 2.3% while consolidated volumes fell by 0.5%, resulting in a like-for-like adjusted EBITDA growth of 0.5% with like-for-like margins relatively steady at 49.6%. Overall the business continued to show resilience.

Regional Review

Middle East, Europe and Africa

Results before separately disclosed items	2019	2018	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	23,246	23,794	(2.3%)	(1.9%)
Revenue	5,669	4,007	41.5%	8.2%
Share of profit from equity-accounted investees	20	33	(40.8%)	(34.1%)
Adjusted EBITDA	2,726	2,104	29.6%	12.2%
Adjusted EBITDA margin	48.1%	52.5%	-	57.4%[7]

Market conditions in the Middle East, Europe and Africa (EMEA) region, excluding UAE, were positive, with volume growth driven by London Gateway (UK) and Yarimca (Turkey) while Berbera (Somaliland) and Jeddah (Saudi) also delivered strong performance. UAE volumes were softer due to the loss of lower margin throughput, with our main focus on profitable cargo.

Overall, revenue in the region grew 41.5% to $5,669 million on a reported basis, benefitting from acquisitions and land sale transactions. Adjusted EBITDA was $2,726 million, up 29.6% compared to 2018. On a like-for-like basis, revenue grew 8.2% and adjusted EBITDA was up 12.2%.

In 2019, we invested $731 million of capital expenditure in the region, which was mainly focused on the UAE, London Gateway (UK), Sokhna (Egypt), Berbera (Somaliland) and P&O Ferries (UK).

Asia Pacific and India

Results before separately disclosed items	2019	2018	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	9,316	8,810	5.7%	5.7%
Revenue	616	678	(9.3%)	(14.7%)
Share of profit from equity-accounted investees	108	129	(16.1%)	10.1%
Adjusted EBITDA	348	502	(30.7%)	(25.1%)
Adjusted EBITDA margin	56.5%	73.9%	-	61.1%[7]

Asia Pacific and India region market conditions were broadly positive despite the trade dispute. Container volumes in India continue to be driven by a positive macro environment and our logistics investments are driving revenue growth. The port of Pusan (South Korea) continues to deliver solid growth.

On a like-for-like basis, revenue and adjusted EBITDA decreased by 14.7% and 25.1% respectively mainly due to the non-recurrence of the release of provisions which boosted 2018 EBITDA.

Share of profit from equity-accounted investees (joint ventures) was lower by 16.1% to $108 million in 2019 mainly due to the concession expiry at Surabaya (Indonesia) in April 2019.

Capital expenditure in this region during the year was $69.4 million, which was invested in Pusan (South Korea) and Nhava Sheva (India).

Australia and Americas

Reported results before separately disclosed items	2019	2018	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	7,368	4,157	77.3%	(3.7%)
Revenue	1,402	961	45.8%	(6.8%)
Share of profit from equity-accounted investees	26	3	N/A	(10.6%)
Adjusted EBITDA	437	340	28.5%	(14.3%)
Adjusted EBITDA margin	31.2%	35.4%	-	33.8%[7]

Market conditions in the Australia and Americas region were mixed, with strong volume growth in Prince Rupert (Canada) and Callao (Peru) offset by weakness in Buenos Aires (Argentina) and Sydney (Australia).

Revenue rose 45.8% to $1,402 million and adjusted EBITDA increased by 28.5% to $437 million due to the consolidation of Australia and the acquisition of two ports in Chile. On a like-for-like basis, revenue fell by 6.8% and adjusted EBITDA decreased by 14.3% year on year due to weakness in Argentina.

Profit from equity-accounted investees was $26 million compared to $3.0 million in 2018, driven by the consolidation of Australia which reported a net loss in the prior period.

We invested $301 million of capital expenditure in the region, mainly in our terminal in Posorja (Ecuador).

Cash Flow and Balance Sheet

The 2019 accounts are impacted by the adoption of IFRS 16. Gross debt has risen by $5.9 billion since the year-end to $16.5 billion, with lease liabilities accounting for $2.5 billion of the increase. The balance of the increase is mainly due to $2.3bn the issuance of bonds and debt acquired with acquisitions. During the year we exercised a liability management exercise on our 2024 convertible bond and redeemed $746 million. Cash on balance sheet stood at $2.9 billion resulting in adjusted net debt of $12.9 billion. Excluding IFRS lease liabilities, net debt stands at $10.3 billion. Our net leverage stands at 3.9 times post IFRS 16 and is 3.4 times on a pre-IFRS basis. Looking ahead, leverage will rise post successful de-listing but the business is committed to deleveraging below 4x Net Debt/ EBITDA (pre IFRS 16) and a strong investment grade rating. Cash generation from operations remains strong at $2,462 million.

Capital Expenditure

In 2019, our capital expenditure reached $1,146 million across the portfolio compared to $908 million in 2018, as we invested in our assets in the UAE, Posorja (Ecuador), London Gateway (UK), Sokhna (Egypt), Berbera (Somaliland) and P&O Ferries (UK) amongst others. Maintenance capital expenditure stood at $196 million compared to $140 million in 2018.

The capital expenditure in 2019 was below our guidance of $1.4 billion as we maintain a disciplined approach to deploying capital. We expect 2020 capital expenditure to be up to $1.4 billion with investment planned mainly into UAE, Prince Rupert (Canada), London Gateway (UK), Jeddah (Saudi Arabia), Callao (Peru), Sokhna (Egypt), Berbera (Somaliland) and Maritime Logistics.

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

About DP World

We are the leading provider of smart logistics solutions, enabling the flow of trade across the globe. Our comprehensive range of products and services covers every link of the integrated supply chain – from maritime and inland terminals to marine services and industrial parks as well as technology-driven customer solutions.

We deliver these services through an interconnected global network of 127 business units in 51 countries across six continents, with a significant presence both in high-growth and mature markets. Wherever we operate, we integrate sustainability and responsible corporate citizenship into our activities, striving for a positive contribution to the economies and communities where we live and work.

Our dedicated, diverse and professional team of more than 56,000 employees from 134 countries are committed to delivering unrivalled value to our customers and partners. We do this by focussing on mutually beneficial relationships – with governments, shippers, traders, and other stakeholders along the global supply chain – relationships built on a foundation of mutual trust and enduring partnership.

We think ahead, anticipate change and deploy industry-leading technology to create the smartest, most efficient and innovative trade solutions, while ensuring a positive and sustainable impact on economies, societies and our planet.

DP World PLC
and its subsidiaries

Consolidated financial statements
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DP World PLC and its subsidiaries

Consolidated financial statements

31 December 2019

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Independent Auditors' Report

To the Shareholders of DP World PLC

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 2019, 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 2019, 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 17 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 and disposal

Refer to notes 3 and 26 of the consolidated financial statements.

During the year, the Group has acquired 35.25% ownership in DP World Australia (Holding) Pty Ltd ("Australia") resulting in Group's equity interest increasing from 25% to 60.25%, 99.2% stake in Puertos y Logistica S.A. ("Chile"), 100% equity stake in P&O Ferries Group and Topaz Energy and Marine Limited ("Topaz"). Subsequently, the Group monetised 45% of its existing ownership stake in Australia and Chile to Caisse de dépôt et placement du Québec (CDPQ).

For the acquisitions and disposals, in accordance with IFRS 3 – Business Combinations, the accounting involves estimating the fair value of the assets and liabilities at the acquisition/ disposal date, the identification and valuation of intangible assets, recognition of goodwill and calculating the profit/ loss on disposal. 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. This is particularly relevant at the time of each acquisition and disposal event. The classification of the investment determines the accounting treatment of disposals where overall control is maintained by the Group, any gain or loss on sale is reflected directly in equity rather than the consolidated statement of profit or loss.

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.

For the monetisation, due to the complex contractual terms and the significance to the Group, there is a risk that the appropriate accounting treatment is not followed for the completed transaction specifically in respect of calculating the profit or loss on monetisation and the recognition/ de-recognition of non-controlling interest.

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 27 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:

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 in light of the practices of the respective tax authorities, 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 23 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

Richard Ackland
Dubai, United Arab Emirates

Date: 11 March 2020

DP World PLC and its subsidiaries

Consolidated statement of profit or loss

	Note	Year ended 31 December 2019			Year ended 31 December 2018		
		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	**7,685,938**	**-**	**7,685,938**	5,646,280	-	5,646,280
Cost of sales		**(4,636,867)**	**-**	**(4,636,867)**	(3,138,749)	-	(3,138,749)
Gross profit		**3,049,071**	**-**	**3,049,071**	2,507,531	-	2,507,531
General and administrative expenses		**(1,002,456)**	**(60,427)**	**(1,062,883)**	(738,233)	(56,264)	(794,497)
Other income		**43,210**	**-**	**43,210**	56,595	-	56,595
Loss on disposal and change in ownership	9	**-**	**(55,622)**	**(55,622)**	-	(3,591)	(3,591)
Share of profit/ (loss) from equity-accounted investees (net of tax)	18	**153,301**	**(42,652)**	**110,649**	165,067	(9,578)	155,489
Results from operating activities		**2,243,126**	**(158,701)**	**2,084,425**	1,990,960	(69,433)	1,921,527
Finance income	7	**103,422**	**43,026**	**146,448**	141,328	127,916	269,244
Finance costs	7	**(818,965)**	**(31,205)**	**(850,170)**	(575,891)	(33,656)	(609,547)
Net finance costs		**(715,543)**	**11,821**	**(703,722)**	(434,563)	94,260	(340,303)
Profit before tax		**1,527,583**	**(146,880)**	**1,380,703**	1,556,397	24,827	1,581,224
Income tax expense	8	**(186,150)**	**-**	**(186,150)**	(223,607)	-	(223,607)
Profit for the year	6	**1,341,433**	**(146,880)**	**1,194,553**	1,332,790	24,827	1,357,617
Profit attributable to:							
Owners of the Company		**1,327,932**	**(139,086)**	**1,188,846**	1,270,116	26,365	1,296,481
Non-controlling interests		**13,501**	**(7,794)**	**5,707**	62,674	(1,538)	61,136
		1,341,433	**(146,880)**	**1,194,553**	1,332,790	24,827	1,357,617
Earnings per share							
Basic earnings per share – US cents	11	**159.99**		**143.23**	153.03		156.20
Diluted earnings per share – US cents	11	**156.06**		**138.61**	148.59		140.63

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

DP World PLC and its subsidiaries

Consolidated statement of other comprehensive income

		2019	2018
	Note	**USD'000**	USD'000
Profit for the year		**1,194,553**	1,357,617
Other comprehensive income (OCI)			
Items that are or may be reclassified to profit or loss:			
Foreign exchange translation differences – foreign operations*		**105,716**	(500,834)
Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control		**38,277**	-
Share of other comprehensive income of equity-accounted investees	*18*	**(3,002)**	843
Cash flow hedges - effective portion of changes in fair value		**(32,946)**	11,307
Cash flow hedges - reclassified to profit or loss		**2,180**	-
Related tax on changes in fair value of cash flow hedges		**1,443**	(3,478)
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		**(3,812)**	28,959
Related tax		**712**	(2,657)
Other comprehensive income for the year, net of tax		**108,568**	(487,745)
Total comprehensive income for the year		**1,303,121**	869,872
Total comprehensive income attributable to:			
Owners of the Company		**1,225,819**	840,101
Non-controlling interests		**77,302**	29,771

* 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 38 form an integral part of these consolidated financial statements.

DP World PLC and its subsidiaries

Consolidated statement of financial position

		2019	2018
	Note	**USD'000**	USD'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	**12,226,735**	8,960,782
Right-of-use assets	*13*	**2,080,908**	-
Investment properties	*14*	**1,672,911**	1,622,130
Intangible assets and goodwill	*15*	**10,054,701**	8,833,151
Investment in equity-accounted investees	*18*	**2,200,252**	2,101,425
Other investments	*19*	**20,009**	51,078
Accounts receivable and prepayments	*20*	**675,845**	574,570
Total non-current assets		**28,931,361**	22,143,136
Current assets			
Inventories		**156,393**	115,590
Properties held for development and sale	*16*	**194,612**	261,724
Accounts receivable and prepayments	*20*	**1,836,795**	1,378,179
Cash and cash equivalents	*21*	**2,943,359**	2,614,710
Total current assets		**5,131,159**	4,370,203
Total assets		**34,062,520**	26,513,339
Equity			
Share capital	*30*	**1,660,000**	1,660,000
Share premium		**2,472,655**	2,472,655
Shareholders' reserve		**2,000,000**	2,000,000
Retained earnings		**8,179,779**	7,712,784
Translation reserve		**(1,904,817)**	(1,976,051)
Other reserves	*31*	**(592,451)**	(558,190)
Equity attributable to owners of the Company		**11,815,166**	11,311,198
Non-controlling interests	*25*	**1,032,052**	687,720
Total equity		**12,847,218**	11,998,918
Liabilities			
Non-current liabilities			
Loans and borrowings	*32*	**12,185,472**	10,048,232
Lease liabilities	*33*	**2,287,655**	17,156
Loans from non-controlling shareholders	*34*	**688,017**	132,236
Accounts payable and accruals	*24*	**379,271**	345,467
Deferred tax liabilities	*8*	**937,967**	886,173
Employees' end of service benefits	*22*	**176,227**	159,233
Pension and post-employment benefits	*23*	**347,406**	157,082
Total non-current liabilities		**17,002,015**	11,745,579
Current liabilities			
Loans and borrowings	*32*	**1,095,412**	348,324
Lease liabilities	*33*	**225,535**	6,051
Loans from non-controlling shareholders	*34*	**1,000**	1,000
Accounts payable and accruals	*24*	**2,663,660**	2,305,727
Income tax liabilities	*8*	**120,888**	100,674
Pension and post-employment benefits	*23*	**106,792**	7,066
Total current liabilities		**4,213,287**	2,768,842
Total liabilities		**21,215,302**	14,514,421
Total equity and liabilities		**34,062,520**	26,513,339

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

The consolidated financial statements were authorised for issue on 11 March 2020.

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Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

Yuvraj Narayan
Chief Financial, Strategy and Business Officer

DP World PLC 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 2018	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**
Adjustment on initial application of IFRS 16 (net of tax) (refer to note 2(c)*(iv)*)			**(385,263)**			**(385,263)**	**(14,312)**	**(399,575)**
Adjusted balance as at 1 January 2019	**4,132,655**	**2,000,000**	**7,327,521**	**(1,976,051)**	**(558,190)**	**10,925,935**	**673,408**	**11,599,343**
Profit for the period	-	-	**1,188,846**	-	**-**	**1,188,846**	**5,707**	**1,194,553**
Other comprehensive income, net of tax	-	-	-	**71,234**	**(34,261)**	**36,973**	**71,595**	**108,568**
Transactions with owners, recognised directly in equity								
Dividends paid (refer to note 10)	-	-	**(356,900)**	-	-	**(356,900)**	-	**(356,900)**
Change in non-controlling interests without change in control	**-**	**-**	**20,312**	**-**	**-**	**20,312**	**100,993**	**121,305**
Transactions with non-controlling interests, recognised directly in equity								
Contributions by non-controlling interests	-	-	-	-	-	-	**42,597**	**42,597**
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	**256,917**	**256,917**
Dividends paid	-	-	-	-	-	-	**(119,165)**	**(119,165)**
Balance as at 31 December 2019	**4,132,655**	**2,000,000**	**8,179,779**	**(1,904,817)**	**(592,451)**	**11,815,166**	**1,032,052**	**12,847,218**

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

DP World PLC and its subsidiaries

Consolidated statement of cash flows

		2019	2018
	Note	**USD'000**	USD'000
Cash flows from operating activities			
Profit for the year		**1,194,553**	1,357,617
Adjustments for:			
Depreciation and amortisation	*6*	**1,062,454**	817,035
Impairment loss	*6*	**32,092**	9,300
Share of profit from equity-accounted investees (net of tax)		**(110,649)**	(155,489)
Finance costs	*7*	**850,170**	609,547
Loss/ (gain) on sale of property, plant and equipment		**1,793**	(9,702)
Loss on disposal and change in ownership of business	*9*	**55,622**	3,591
Finance income	*7*	**(146,448)**	(269,244)
Income tax expense	*8*	**186,150**	223,607
Gross cash flows from operations		**3,125,737**	2,586,262
Changes in:			
Inventories		**(17,611)**	(4,142)
Accounts receivable and prepayments		**(385,599)**	47,941
Accounts payable and accruals		**(429,913)**	(371,405)
Properties held for development and sale		**4,650**	(50,386)
Provisions, pensions and post-employment benefits		**164,728**	(47,751)
Cash provided by operating activities		**2,461,992**	2,160,519
Income taxes paid		**(208,236)**	(209,029)
Net cash provided by operating activities		**2,253,756**	1,951,490
Cash flows from investing activities			
Additions to property, plant and equipment	*12*	**(1,032,128)**	(810,303)
Additions to investment properties	*14*	**(105,255)**	(83,452)
Additions to port concession assets	*15*	**(8,969)**	(14,470)
Additional investment in equity-accounted investees		**(85,000)**	-
Return of capital from other investments		**13,495**	-
Proceeds from disposal of property, plant and equipment and port concession assets		**17,327**	37,158
Proceeds from disposal of shares in equity-accounted investees		**41,337**	4,420
Net cash outflow on acquisition of subsidiaries		**(1,234,286)**	(1,326,595)
Interest received		**76,170**	50,527
Dividends received from equity-accounted investees	*18*	**124,146**	207,752
Cash outflow on deconsolidation of a subsidiary		**-**	(112,500)
Additions to other investments		**-**	(60,000)
Net cash used in investing activities		**(2,193,163)**	(2,107,463)
Cash flows from financing activities			
Repayment of loans and borrowings		**(1,446,158)**	(2,371,769)
Repayment of lease liabilities	*33(a)*	**(302,831)**	(10,468)
Drawdown of loans and borrowings		**3,146,195**	4,879,004
Redemption of Sukuk	*32*	**(232,014)**	(431,571)
Interest paid		**(605,333)**	(472,963)
Dividends paid to the owners of the Company		**(356,900)**	(340,300)
Proceeds from disposal of shares in subsidiaries without change in control		**227,533**	400
Net cash outflow on acquisition of additional interest in subsidiaries		**(90,564)**	-
Contribution by non-controlling interests		**42,597**	110,625
Dividend paid to non-controlling interests		**(119,165)**	(35,699)
Net cash provided by financing activities		**263,360**	1,327,259
Net increase in cash and cash equivalents		**323,953**	1,171,286
Cash and cash equivalents as at 1 January		**2,614,710**	1,483,679
Effect of exchange rate fluctuations on cash held		**4,696**	(40,255)
Cash and cash equivalents as at 31 December	*21*	**2,943,359**	2,614,710

The accompanying notes 1 to 38 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 2019 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 services and investment in innovative, technology-driven trade solutions.

Port & Free Zone World FZE ("PFZW" or "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. Please refer to note 38(b).

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 and plan assets in defined pension plans 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. Estimate 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.
vii. Estimate to measure expected credit losses for financial assets.
viii. Estimate 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 in calculating the appropriate discount rate and lease term.
x. Judgement is required in determine whether or not a contract contains a lease.
xi. 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.
xii. 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 27).
xiii. Judgement is required to determine whether or not the Group has significant influence over an investee.
xiv. Judgement is required in determining the worldwide provision for income taxes.

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.

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

b) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

IFRS 16 *Leases*

The Group has initially applied IFRS 16 from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains same as earlier.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

i. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

ii. Group as a lessee

The Group leases mainly include concession rights to operate port terminals, plant & equipment and related properties.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all leases – i.e. these leases are on-balance sheet.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Group presents right-of-use assets and lease liabilities separately on its statement of financial position.

Leases classified as operating leases under IAS 17

Previously, the Group classified concession rights to operate port terminals as operating leases under IAS 17. These leases typically run for a period of 25 - 99 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

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

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

IFRS 16 *Leases* (continued)

ii. Group as a lessee (continued)

Leases classified as operating leases under IAS 17 (continued)

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group has used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipments and office equipments);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of items of property, plant and equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

iii. Group as a lessor

The Group leases out its investment property and these are classified as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it is a lessor.

iv. Transition impacts on financial statements

Impacts on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 January 2019
	USD'000
Right-of -use asset	**1,562,361**
Deferred tax asset/ current tax	**21,065**
Retained earnings	**385,263**
Non-controlling interests	**14,312**
Investment in equity-accounted investees	**(45,187)**
Lease liabilities	**(1,937,814)**

For measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its applicable incremental borrowing rate at 1 January 2019 which were in the range of 4% per annum to 12% per annum.

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

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

IFRS 16 *Leases* (continued)

iv. Transition impacts on financial statements (continued)

Impacts on transition (continued)

	1 January 2019
	USD'000
Operating lease commitments at 31 December 2018	**7,816,542**
Discounted using the lessee's incremental borrowing rate at 1 January 2019	**1,914,607**
Add: finance lease liabilities recognised as at 31 December 2018	**23,207**
Total lease liability recognised as at 1 January 2019	**1,937,814**

Impacts for the year

Due to application of IFRS 16, the Group has recognised amortisation and interest costs, instead of operating lease expense. During the year, the Group has recognised USD 146,256 thousand of depreciation charge and USD 138,749 thousand of interest costs from these leases.

Also, refer note 3(i) for accounting policy on leases.

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. For each significant business combination, the Group engages external, independent and qualified valuers who have the relevant experiences to carry out the fair valuation exercise of the net assets based on market related assumptions and weighted average cost of capital.

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.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

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.

vii. Investments in 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.

viii. Transactions eliminated on consolidation

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

b) Foreign currency

i. Functional and presentation currency

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 US dollar ("USD"), which is the Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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.

3. Significant accounting policies (continued)

b) Foreign currency (continued)

iii. Foreign operations (continued)

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.

c) Financial instruments

i. Non-derivative financial assets

Classification, initial recognition and measurement

Under IFRS 9 *Financial Instruments*, 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.

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.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

ii. Non-derivative financial liabilities

Classification, initial recognition and measurement

Under IFRS 9, financial liabilities at inception can be classified either at amortised cost or FVTPL.

The Group's non-derivative financial liabilities consist of loans and borrowings, lease liabilities, 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.

iii. Derivative financial instruments and hedge accounting

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.

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.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

iii. Derivative financial instruments and hedge accounting (continued)

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.

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.

3. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

Dredging

Dredging expenditure is categorised into capital dredging and major maintenance dredging. Capital dredging is expenditure which includes creation of a new harbour, deepening or extension of the channel berths or waterways in order to allow access to larger ships which will result in future economic benefits for the Group. This expenditure is capitalised and amortised over the expected period of the relevant concession agreement. Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

iii. Depreciation

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

The estimated useful lives of assets are as follows:

Assets	**Useful life (years)**
Buildings	5 – 50
Plant and equipment	3 – 25
Vessels	10 – 30
Dredging (included in land and buildings)	10 – 99

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

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

iv. Borrowing costs

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

e) Investment properties

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any. Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

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

3. Significant accounting policies (continued)

e) Investment properties (continued)

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

Assets	**Useful life (years)**
Buildings	20 – 50
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:

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.

3. Significant accounting policies (continued)

h) Port concession rights (continued)

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

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

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

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

The estimated useful lives for port concession rights range within a period of 15 – 50 years (including the concession rights relating to equity-accounted investees).

i) Leases

Policy applicable under IAS 17 until 31 December 2018

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

i. Group as a lessee

Assets held by the Group under leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

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

ii. Group as a lessor

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

iii. Leasing and sub-leasing transactions

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

iv. Leases of land in port concession

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

3. Significant accounting policies (continued)

i) Leases (continued)

Policy applicable under IFRS 16 from 1 January 2019

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

v. Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately on statement of financial position.

Variable lease payments that depend on revenue and output are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

3. Significant accounting policies (continued)

i) Leases (continued)

Policy applicable under IFRS 16 from 1 January 2019 (continued)

vi. Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue (refer to note 3 (m)*(iii)*).

Generally, the accounting policies applicable to the Group as a lessor under IFRS 16 is not different than IAS 17.

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 CGUs.

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. Impairment of non-derivative financial assets

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.

3. Significant accounting policies (continued)

j) Impairment (continued)

ii. Impairment of non-derivative financial assets (continued)

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.

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.

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.

3. Significant accounting policies (continued)

k) Employee benefits (continued)

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.

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, maritime and logistics services and revenue from sale of plots of land.

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

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.

3. Significant accounting policies (continued)

m) Revenue (continued)

v. Revenue from maritime and logistics services

Revenue from maritime and logistics services is recognised over a period of time when the services are rendered to the customer.

vi. Revenue from sale of plots of land

Revenue from sale of plots of land 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.

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.

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.

3. Significant accounting policies (continued)

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).

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 India
- 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"). Although this is a non-IFRS measure, this will provide additional information to the users of the consolidated financial statements.

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.

DP World PLC and its subsidiaries

Notes to consolidated financial statements *(continued)*

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 India		**Australia and Americas**		**Middle East, Europe and Africa**		**Head office**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000
Revenue	**615,517**	678,420	**1,401,613**	961,146	**5,668,808**	4,006,714	**-**	-	**7,685,938**	5,646,280
Adjusted EBITDA	**347,478**	501,677	**437,195**	340,151	**2,725,980**	2,104,142	**(205,073)**	(137,975)	**3,305,580**	2,807,995
Finance income	**-**	-	**-**	-	**-**	-	**103,422**	141,328	**103,422**	141,328
Finance costs	**-**	-	**-**	-	**-**	-	**(818,965)**	(575,891)	**(818,965)**	(575,891)
Tax expense	**-**	-	**-**	-	**-**	-	**(186,150)**	(223,607)	**(186,150)**	(223,607)
Depreciation and amortisation	**(93,528)**	(92,645)	**(214,047)**	(117,225)	**(746,826)**	(598,702)	**(8,053)**	(8,463)	**(1,062,454)**	(817,035)
Adjusted net profit/ (loss) before separately disclosed items	**253,950**	409,032	**223,148**	222,926	**1,979,154**	1,505,440	**(1,114,819)**	(804,608)	**1,341,433**	1,332,790
Adjusted for separately disclosed items	**(31,112)**	(10,743)	**(79,780)**	(2,800)	**(47,810)**	(29,480)	**11,822**	67,850	**(146,880)**	24,827
Profit/ (loss) for the year	**222,838**	398,289	**143,368**	220,126	**1,931,344**	1,475,960	**(1,102,997)**	(736,758)	**1,194,553**	1,357,617

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

DP World PLC and its subsidiaries

Notes to consolidated financial statements *(continued)*

4. Segment information (continued)

	Asia Pacific and India		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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	**4,182,808**	4,306,520	**6,020,083**	2,935,015	**24,497,625**	19,485,462	**16,385,259**	14,063,935	**(17,023,255)**	(14,277,593)	**34,062,520**	26,513,339
Segment liabilities	**499,314**	436,646	**2,159,692**	725,366	**10,133,693**	6,424,168	**14,125,189**	11,345,791	**(6,761,441)**	(5,404,397)	**20,156,447**	13,527,574
Tax liabilities*	**-**	-	**-**	-	**-**	-	**1,058,855**	986,847	**-**	-	**1,058,855**	986,847
Total liabilities	**499,314**	436,646	**2,159,692**	725,366	**10,133,693**	6,424,168	**15,184,044**	12,332,638	**(6,761,441)**	(5,404,397)	**21,215,302**	14,514,421
Capital expenditure	**69,406**	32,717	**301,013**	257,353	**731,179**	575,036	**44,754**	43,119	**-**	-	**1,146,352**	908,225
Depreciation	**44,528**	35,082	**132,553**	88,634	**516,840**	488,925	**7,860**	8,464	**-**	-	**701,781**	621,105
Amortisation	**49,000**	57,563	**81,494**	28,591	**229,986**	109,776	**193**	-	**-**	-	**360,673**	195,930
Impairment loss	**-**	-	**-**	-	**32,092**	9,300	**-**	-	**-**	-	**32,092**	9,300
Share of profit/(loss) of equity-accounted investees before separately disclosed items	**108,065**	128,797	**25,528**	2,986	**19,708**	33,284	**-**	-	**-**	-	**153,301**	165,067
Tax expense	**-**	-	**-**	-	**-**	-	**186,150**	223,607	**-**	-	**186,150**	223,607
Revenue consists of:												
Revenue from ports and terminals	**485,489**	592,447	**1,148,301**	774,227	**2,535,287**	2,568,011	**-**	-	**-**	-	**4,169,077**	3,934,685
Drydocking, maritime and logistics services	**130,028**	85,973	**253,312**	186,919	**2,153,852**	708,919	**-**	-	**-**	-	**2,537,192**	981,811
Lease rentals and services from economic zones	**-**	-	**-**	-	**578,951**	597,609	**-**	-	**-**	-	**578,951**	597,609
Revenue from sale of plots of land	**-**	-	**-**	-	**400,718**	132,175	**-**	-	**-**	-	**400,718**	132,175
Total revenue	**615,517**	678,420	**1,401,613**	961,146	**5,668,808**	4,006,714	**-**	-	**-**	-	**7,685,938**	5,646,280

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

5. Revenue

	2019	2018
	USD'000	USD'000
Revenue consists of:		
Revenue from ports and terminals	**4,169,077**	3,934,685
Drydocking, maritime and logistics services	**2,537,192**	981,811
Lease rentals and services from economic zones	**578,951**	597,609
Revenue from sale of plots of land*	**400,718**	132,175
Total	**7,685,938**	5,646,280

The above revenue includes revenue from contracts with customers under IFRS 15 amounting to USD 7,211,163 thousand (2018: USD 5,170,658 thousand).

* This mainly includes sale of plot of land to Emaar Development PJSC ("Emaar") for a development project in Port Rashid in Dubai. Emaar will utilise this land for developing the Mina Rashid area and the Group will receive the agreed sales consideration between the fourth and ninth year after commencement of operations. The transaction was completed in June 2019 with the transfer of control of land to Emaar and accordingly the Group has recorded a revenue of USD 314,558 thousand (at discounted value of the deferred sales consideration).

6. Profit for the year

	2019	2018
	USD'000	USD'000
Profit for the year is stated after charging the following costs:		
Staff costs	**1,620,138**	1,200,628
Depreciation and amortisation	**1,062,454**	817,035
Impairment loss (refer to note 9)	**32,092**	9,300

7. Finance income and costs

	2019	2018
	USD'000	USD'000
Finance income		
Interest income	**82,990**	84,547
Exchange gains	**20,432**	56,781
Finance income before separately disclosed items	**103,422**	141,328
Separately disclosed items (refer to note 9)	**43,026**	127,916
Finance income after separately disclosed items	**146,448**	269,244
Finance costs		
Interest expense on loans and borrowings *	**(633,717)**	(479,609)
Interest expense on lease liabilities	**(138,749)**	(1,198)
Exchange losses	**(38,929)**	(90,584)
Other net financing expense in respect of pension plans	**(7,570)**	(4,500)
Finance costs before separately disclosed items	**(818,965)**	(575,891)
Separately disclosed items (refer to note 9)	**(31,205)**	(33,656)
Finance costs after separately disclosed items	**(850,170)**	(609,547)
Net finance costs after separately disclosed items	**(703,722)**	(340,303)

* This includes interest on loans from non-controlling shareholders.

8. Income tax

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

	2019	2018
	USD'000	USD'000
Current tax expense		
Current year	**215,600**	220,007
Change in estimates related to prior years	**(10,456)**	26,440
	205,144	246,447
Deferred tax credit	**(18,994)**	(22,840)
Income tax expense	**186,150**	223,607
Share of income tax of equity-accounted investees	**52,876**	59,610
Total tax expense	**239,026**	283,217
Tax recognised in statement of other comprehensive income and retained earnings		
Current tax in OCI	**1,323**	914
Deferred tax in OCI	**832**	(7,049)
Current tax retained earnings adjustment on initial application of IFRS 16	**193**	-
Deferred tax retained earnings adjustment on initial application of IFRS 16	**20,872**	-
Total	**23,220**	(6,135)
Income tax balances included in the consolidated statement of financial position:		
Income tax receivable (included within accounts receivable and prepayments)	**4,654**	4,972
Income tax liabilities	**120,888**	100,674

8. Income tax (continued)

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

		2019	2018
		USD'000	USD'000
Net profit before tax		**1,380,703**	1,581,224
Tax at the Company's domestic rate of 0% (2018: 0%)		**-**	-
Effect of tax rates in foreign jurisdictions		**142,109**	163,556
Net current year tax losses incurred, on which deferred tax is not recognised		**38,450**	25,866
Tax charge of equity-accounted investees		**52,876**	59,610
Effect of tax rate changes on deferred tax		**5,267**	(6,004)
Deferred tax in respect of fair value adjustments		**(17,946)**	(17,848)
Others		**29,747**	36,057
Tax expense before prior year adjustments		**250,503**	261,237
Change in estimates related to prior years:			
- current tax		**(10,456)**	26,440
- deferred tax		**(1,021)**	(4,460)
Total tax expense from operations before separately disclosed items	**(A)**	**239,026**	283,217
Adjustment for separately disclosed items		**-**	-
Total tax expense	**(B)**	**239,026**	283,217
Net profit before tax		**1,380,703**	1,581,224
Adjustment for share of income tax of equity-accounted investees		**52,876**	59,610
Adjusted profit before tax	**(C)**	**1,433,579**	1,640,834
Adjustment for separately disclosed items		**146,880**	(24,827)
Adjusted profit before tax and before separately disclosed items	**(D)**	**1,580,459**	1,616,007
Effective tax rate	**(B/C)**	**16.67%**	17.26%
Effective tax rate before separately disclosed items	**(A/D)**	**15.12%**	17.53%

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 India	10% to 34.9%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 35.0%

8. Income tax (continued)

Group tax rates (continued)

Movement in temporary differences during the year:

	1 January 2019	Recognised in consolidated statement of profit or loss	Acquisitions in the period	Translation and other movements	31 December 2019
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Deferred tax liabilities					
Property, plant and equipment	138,484	27,905	30,555	(1,459)	**195,485**
Investment in equity-accounted investees	23,166	(818)	-	728	23,076
Fair value of acquired intangibles	464,227	(20,060)	69,372	6,228	519,767
Others	301,694	(15,804)	11,870	(5,875)	291,885
Total before set off	**927,571**	**(8,777)**	**111,797**	**(378)**	**1,030,213**
Set off of deferred tax asset against liabilities	(41,398)				**(92,246)**
Net deferred tax liabilities	**886,173**				**937,967**
Deferred tax assets					
Pension and post-employment benefits	8,925	263	1,191	(197)	**10,182**
Financial instruments	2,616	935	2,178	1,000	6,729
Provisions	3,654	1,342	6,713	45	11,754
Tax value of losses carried forward recognised	26,203	7,589	16,833	12,956	63,581
Total before set off	**41,398**	**10,129**	**26,915**	**13,804**	**92,246**
Set off of deferred tax asset against liabilities	(41,398)				**(92,246)**
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.

	2019			2018		
	Gross amount	**Tax effect**		Gross amount	Tax effect	
	USD'000	**USD'000**	**Expiry date**	USD'000	USD'000	Expiry date
Trading losses - expire	**93,660**	**21,286**	**2020 - 2023**	112,672	25,687	2019 – 2023
	31,861	**7,909**	**2024 - 2027**	29,638	8,146	2024 – 2027
	17,763	**4,513**	**2035 - 2039**	14,744	4,755	2035 – 2038
Trading losses - never expire	**1,160,682**	**341,888**	**-**	996,239	270,425	-
Capital losses - never expire	**223,038**	**42,377**	**-**	215,819	36,689	-

9. Separately disclosed items

	2019	2018
	USD'000	USD'000
General and administrative expenses		
Acquisition costs	**(18,760)**	(19,220)
Impairment of assets	**(32,092)**	(9,300)
Redundancy costs	**(9,575)**	-
Guaranteed minimum pension costs	**-**	(27,744)
Share of loss from equity-accounted investees	**(42,652)**	(9,578)
Loss on disposal and change in ownership	**(55,622)**	(3,591)
Finance income	**43,026**	127,916
Finance costs	**(31,205)**	(33,656)
Total	**(146,880)**	24,827

General and administrative expenses represents USD 18,760 thousand (2018: USD 19,220 thousand) of advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group, USD 32,092 thousand (2018: USD 9,300 thousand) impairment of assets in the 'Middle East, Europe and Africa' region and USD 9,575 thousand of redundancy costs in the 'Australia and Americas' region. (2018: guaranteed minimum pension (GMP) costs related to additional costs arising in respect of 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).

Share of loss from equity-accounted investees mainly relates to Group's share of expenses relating to technology ventures in 'Australia and Americas' region. (2018 related to the transaction costs written off and impairment of assets in equity-accounted investees in the 'Middle East, Europe and Africa' region due to extinguishment of debt and loss on termination of cash flow hedge in the 'Asia Pacific and India' region).

Loss on disposal and change in ownership relates to the loss on disposal of equity-accounted investees in the 'Asia Pacific and India' region and the loss on ownership changes in the 'Australia and Americas' region. (2018: related to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region).

Finance income comprises:

a) USD 29,938 thousand (2018: USD 117,474 thousand) change in fair value of convertible bond option.
b) USD 12,496 thousand (2018: USD 869 thousand) relates to hedge ineffectiveness in the 'Middle East, Europe and Africa' region.
c) USD 592 thousand unwinding of interest on receivable in the 'Middle East, Europe and Africa' region. (2018: USD 9,573 thousand gain on early settlement of loans in the 'Middle East, Europe and Africa' region).

Finance costs comprises:

a) USD 21,627 thousand (2018: USD 22,068 thousand) interest accretion on convertible bonds and loss on buy-back.
b) USD 9,578 thousand (2018: USD 1,432 thousand) relates to hedge ineffectiveness in the 'Middle East, Europe and Africa' region and 'Asia Pacific and India' region.
c) 2019: Nil (2018: USD 5,885 thousand deferred transaction costs written off on early settlement and restructuring of loans in the 'Middle East, Europe and Africa' region).
d) 2019: Nil (2018: USD 4,271 thousand impairment loss recognised on present valuation of receivables in the 'Middle East, Europe and Africa' region).

10. Dividends

	2019	2018
	USD'000	USD'000
Declared and paid during the year:		
Final dividend: 43 US cents per share/ 41 US cents per share	**356,900**	340,300
Proposed for approval at the annual general meeting		
(not recognised as a liability as at 31 December):		
Final dividend: 40 US cents per share/ 43 US cents per share	**332,000**	356,900

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.

	2019	**2019**	2018	2018
	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)	**1,327,932**	**1,188,846**	1,270,116	1,296,481
Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion	**15,460**	**4,298**	18,885	(76,521)
Profit attributable to the ordinary shareholders of the Company after conversion (b)	**1,343,392**	**1,193,144**	1,289,001	1,219,960
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 *	**30,805,804**	**30,805,804**	37,475,985	37,475,985
Total weighted average number of ordinary shares (diluted) outstanding – (d)	**860,805,804**	**860,805,804**	867,475,985	867,475,985
Basic earnings per share US cents – (a/c)	**159.99**	**143.23**	153.03	156.20
Diluted earnings per share US cents – (b/d)	**156.06**	**138.61**	148.59	140.63

* On 1 October 2019, the Group redeemed USD 745,600 thousand of 10 year USD 1 billion unsecured convertible bonds due 2024. As a result of such cancellation, USD 254,400 thousand convertible bonds remain outstanding and accordingly, the weighted average number of ordinary shares are adjusted.

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 2018	4,630,402	5,558,440	448,734	1,230,714	11,868,290
Acquired through business combination	365,424	154,456	-	31,228	551,108
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 14)	(7,361)	225	-	-	(7,136)
Derecognition due to loss of control (refer to note 26)	(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	4,746,030	5,572,340	451,546	1,533,664	12,303,580
As at 1 January 2019	**4,746,030**	**5,572,340**	**451,546**	**1,533,664**	**12,303,580**
Acquired through business combination	**271,747**	**511,209**	**1,990,727**	**10,285**	**2,783,968**
Additions during the year	**56,687**	**152,903**	**50,705**	**771,833**	**1,032,128**
Transfers from capital work-in-progress	**422,039**	**190,085**	**2,239**	**(614,363)**	**-**
Transfer from intangible assets (refer to note 15)	**965**	**42,162**	**-**	**-**	**43,127**
Transfer from right-of-use assets (refer to note 13)	**9,688**	**-**	**-**	**-**	**9,688**
Transfers within property, plant and equipment	**(54,864)**	**54,864**	**-**	**-**	**-**
Disposals	**(30,769)**	**(66,451)**	**(22,258)**	**(1,154)**	**(120,632)**
Translation adjustment	**13,727**	**36,105**	**43,694**	**1,425**	**94,951**
As at 31 December 2019	**5,435,250**	**6,493,217**	**2,516,653**	**1,701,690**	**16,146,810**
Depreciation and impairment					
As at 1 January 2018	1,128,328	1,890,146	152,445	-	3,170,919
Charge for the year	157,976	293,036	28,621	-	479,633
Derecognition due to loss of control (refer to note 26)	(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	1,168,299	2,012,100	162,399	-	3,342,798
As at 1 January 2019	**1,168,299**	**2,012,100**	**162,399**	**-**	**3,342,798**
Charge for the year	**171,396**	**338,894**	**89,887**	**-**	**600,177**
Impairment loss	**-**	**3,474**	**3,185**	**7,000**	**13,659**
Transfer from intangible assets (refer to note 15)	**32**	**30,474**	**-**	**-**	**30,506**
Transfers within PPE	**(35,442)**	**35,442**	**-**	**-**	**-**
On disposals	**(17,452)**	**(58,663)**	**(25,397)**	**-**	**(101,512)**
Translation adjustment	**2,246**	**16,439**	**15,762**	**-**	**34,447**
As at 31 December 2019	**1,289,079**	**2,378,160**	**245,836**	**7,000**	**3,920,075**
Net book value					
At 31 December 2018	3,577,731	3,560,240	289,147	1,533,664	8,960,782
At 31 December 2019	**4,146,171**	**4,115,057**	**2,270,817**	**1,694,690**	**12,226,735**

12. Property, plant and equipment (continued)

At 31 December 2019, property, plant and equipment with a carrying amount of USD 3,227,718 thousand (2018: USD 1,919,484 thousand) are pledged to bank loans (refer to note 32).

Borrowing costs capitalised to property, plant and equipment amounted to USD 13,953 thousand (2018: USD 3,515 thousand), calculated using a capitalisation rate of 3.0% (2018: 1.7%).

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

13. Right-of-use assets

The Group enters into long lease arrangements that provide the right to use port terminal infrastructure, plant, equipment, vessels and other related assets for carrying out its business operations. The below table represents the carrying amounts of right-of-use assets recognised and the related movements during the year:

	Port concession rights	**Plant equipment and vehicles**	**Vessels**	**Land and buildings**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cost					
Recognition on initial application of IFRS 16 as at 1 January 2019	1,398,767	65,761	30,769	67,064	1,562,361
Acquired through business combinations	-	469,526	74,912	-	544,438
Additions during the year	-	11,912	75,453	252	87,617
Transfer to property, plant and equipment (refer to note 12)	(9,688)	-	-	-	(9,688)
Derecognition during the year	(641)	(597)	(66,425)	-	(67,663)
Translation adjustment	30,298	7,380	7,644	444	45,766
As at 31 December 2019	**1,418,736**	**553,982**	**122,353**	**67,760**	**2,162,831**
Amortisation					
Charge for the year	34,897	23,129	81,879	6,351	146,256
Derecognition during the year	(641)	(597)	(66,425)	-	(67,663)
Translation adjustment	219	31	2,596	484	3,330
As at 31 December 2019	**34,475**	**22,563**	**18,050**	**6,835**	**81,923**
Net book value					
At 31 December 2019	**1,384,261**	**531,419**	**104,303**	**60,925**	**2,080,908**

Refer to note 33 for underlying lease liabilities with respect to above right-of-use assets.

Following are the amounts which are recognised in consolidated statement of profit or loss and consolidated statement of cash flows:

	2019	**2018**
	USD'000	**USD'000**
Amount recognised in consolidated statement of profit or loss		
Depreciation of right-of-use assets	**146,256**	-
Interest on lease liabilities (included in finance cost)	**138,749**	1,198
Expense relating to short-term leases, leases of low value assets and variable lease payments	**300,832**	244,208
Amount recognised in consolidated statement of cash flows		
Lease payments made during the year (included under financing activities)	**302,831**	10,468

14. Investment properties

	Land	Buildings and infrastructure	Under development	Total
	USD'000	**USD'000**	**USD'000**	**USD'000**
Cost				
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	97,161	17	272,291
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	1,462,878	86,170	1,779,851
As at 1 January 2019	**230,803**	**1,462,878**	**86,170**	**1,779,851**
Additions during the year	**1,049**	**754**	**103,452**	**105,255**
Acquired through business combination	**3,594**	**-**	**-**	**3,594**
Transfers	**-**	**(114,134)**	**114,134**	**-**
Translation adjustment	**(273)**	**(36)**	**(184)**	**(493)**
As at 31 December 2019	**235,173**	**1,349,462**	**303,572**	**1,888,207**
Depreciation and impairment				
As at 1 January 2018	-	100,950	-	100,950
Depreciation charge for the year	-	47,471	-	47,471
Impairment charge for the year	1,492	7,808	-	9,300
As at 31 December 2018	1,492	156,229	-	157,721
As at 1 January 2019	**1,492**	**156,229**	**-**	**157,721**
Depreciation charge for the year	**-**	**47,389**	**-**	**47,389**
Impairment charge for the year	**-**	**10,186**	**-**	**10,186**
As at 31 December 2019	**1,492**	**213,804**	**-**	**215,296**
Net book value				
As at 31 December 2018	229,311	1,306,649	86,170	1,622,130
As at 31 December 2019	**233,681**	**1,135,658**	**303,572**	**1,672,911**

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 488,260 thousand (2018: USD 488,439 thousand) while associated costs related to these investment properties amounted to USD 63,148 thousand (2018: USD 67,673 thousand).

Land:

At 31 December 2019, the fair value of land was estimated to be USD 266,918 thousand (2018: USD 266,729 thousand) compared to the carrying value of USD 233,681 thousand (2018: USD 229,311 thousand).

Buildings and infrastructure:

At 31 December 2019, the fair value of buildings and infrastructure was USD 2,106,085 thousand (2018: USD 2,180,462 thousand) compared to the carrying value of USD 1,135,658 thousand (2018: USD 1,306,649 thousand).

Investment properties under development:

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

14. Investment properties (continued)

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

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties has been performed using income capitalisation, 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 including land (in the range of USD 20 to USD 935 per square metre per annum)
- Rent growth per annum (in the range of 1% to 8%)
- Historical and estimated long term occupancy rate (in the range of 75% to 90%)
- Yields rates (in the range of 8% to 13.5% per annum)

The fair value of investment properties is 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

The estimated fair value would increase/ (decreases) due to increase/ (decrease) in market rent and rent growth rates. The fair value would also (decrease)/ increase if there is an increase/ (decrease) in yield rates.

15. 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 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
As at 1 January 2019	**2,677,717**	**2,051,008**	**5,630,637**	**10,359,362**
Acquired through business combinations	**-**	**507,545**	**918,939**	**1,426,484**
Additions	**-**	**-**	**8,969**	**8,969**
Transfer to property, plant and equipment (refer to note 12)	**-**	**-**	**(43,127)**	**(43,127)**
Translation adjustment	**-**	**23,164**	**192,879**	**216,043**
As at 31 December 2019	**2,677,717**	**2,581,717**	**6,708,297**	**11,967,731**
Amortisation and impairment				
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
As at 1 January 2019	**110,708**	**-**	**1,415,503**	**1,526,211**
Charge for the year	**29,200**	**-**	**185,217**	**214,417**
Transfer to property, plant and equipment (refer to note 12)	**-**	**-**	**(30,506)**	**(30,506)**
Translation adjustment	**-**	**-**	**202,908**	**202,908**
As at 31 December 2019	**139,908**	**-**	**1,773,122**	**1,913,030**
Net book value:				
As at 31 December 2018	2,567,009	2,051,008	4,215,134	8,833,151
As at 31 December 2019	**2,537,809**	**2,581,717**	**4,935,175**	**10,054,701**

* Other intangible assets mainly include customer relationships with a net book value of USD 205,743 thousand (2018: USD 226,963 thousand) which is amortised over a period of 15 years.

15. Intangible assets and goodwill (continued)

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.

16. Properties held for development and sale

	2019	2018
	USD'000	USD'000
As at 1 January	**261,724**	-
Charge to profit or loss	**(70,876)**	(108,042)
Additions during the year	**3,764**	64,427
Acquired through business combination	**-**	305,339
As at 31 December	**194,612**	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.

The Group has future commitments towards infrastructure development of USD 157,674 thousand (2018: 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.

17. 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**
	2019	2018	**2019**	2018		
	USD'000	USD'000	**USD'000**	USD'000		
Cash-generating units aggregated by operating segment						
Asia Pacific and India	**284,804**	317,021	-	-	6.50% - 9.50%	2.50%
Australia and Americas	**645,335**	362,564	**-**	-	6.00% - 14.00%	2.50%
Middle East, Europe and Africa	**1,651,578**	1,371,423	**827,432**	803,606	6.00% - 17.00%	2.50%
Total	**2,581,717**	2,051,008	**827,432**	803,606		

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.

17. Impairment testing (continued)

Key assumptions used in value in use calculations (continued)

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.

18. 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 India		Australia and Americas		Middle East, Europe and Africa		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000
Cash and cash equivalents	**353,961**	528,727	**226,825**	172,335	**230,074**	308,196	**810,860**	1,009,258
Other current assets	**222,762**	283,398	**106,550**	142,351	**217,567**	256,118	**546,879**	681,867
Non-current assets	**6,044,065**	6,006,312	**843,203**	1,798,701	**3,466,776**	2,710,080	**10,354,044**	10,515,093
Total assets	**6,620,788**	6,818,437	**1,176,578**	2,113,387	**3,914,417**	3,274,394	**11,711,783**	12,206,218
Current financial liabilities	**48,080**	30,912	**83,016**	2,016	**70,064**	33,438	**201,160**	66,366
Other current liabilities	**537,818**	469,995	**128,428**	191,520	**303,187**	316,002	**969,433**	977,517
Non-current financial liabilities	**866,826**	731,162	**356,504**	1,485,084	**1,456,328**	742,111	**2,679,658**	2,958,357
Other non-current liabilities	**486,709**	571,602	**37,097**	43,289	**377,523**	400,004	**901,329**	1,014,895
Total liabilities	**1,939,433**	1,803,671	**605,045**	1,721,909	**2,207,102**	1,491,555	**4,751,580**	5,017,135
Net assets (100%)	**4,681,355**	5,014,766	**571,533**	391,478	**1,707,315**	1,782,839	**6,960,203**	7,189,083
Group's share of net assets in equity-accounted investees							**2,200,252**	2,101,425
Revenue	**1,290,096**	1,451,106	**350,561**	622,280	**824,407**	832,827	**2,465,064**	2,906,213
Depreciation and amortisation	**(280,802)**	(280,241)	**(59,163)**	(73,543)	**(146,415)**	(119,954)	**(486,380)**	(473,738)
Other expenses	**(474,891)**	(578,578)	**(245,004)**	(452,781)	**(557,914)**	(580,194)	**(1,277,809)**	(1,611,553)
Finance cost	**(79,077)**	(74,136)	**(65,674)**	(154,283)	**(70,504)**	(61,689)	**(215,255)**	(290,108)
Finance income	**26,596**	19,676	**3,471**	4,238	**386**	1,049	**30,453**	24,963
Income tax expense	**(120,867)**	(138,848)	**(4,398)**	(500)	**(14,302)**	(16,016)	**(139,567)**	(155,364)
Net profit/ (loss) (100%)	**361,055**	398,979	**(20,207)**	(54,589)	**35,658**	56,023	**376,506**	400,413
Group's share of profit (before separately disclosed items)	**108,065**	128,797	**25,528**	2,986	**19,708**	33,284	**153,301**	165,067
Group's share of dividends received							**124,146**	207,752
Group's share of other comprehensive income							**(3,002)**	843

19. Other investments

	2019	2018
	USD'000	USD'000
Financial assets at fair value through other comprehensive income	**20,009**	48,050
Financial assets at fair value through profit or loss	**-**	3,028
Total	**20,009**	51,078

20. Accounts receivable and prepayments

	2019	**2019**	2018	2018
	Non-current	**Current**	Non-current	Current
	USD'000	**USD'000**	USD'000	USD'000
Trade receivables (net)	**329,674**	**994,056**	-	659,383
Advances paid to suppliers	**-**	**102,390**	-	108,858
Unbilled revenue	**-**	**193,487**	-	117,790
Deposits receivable	**57,545**	**8,914**	65,507	13,241
Other receivables and prepayments	**188,236**	**471,170**	166,213	418,751
Due from related parties (refer to note 28)	**100,390**	**66,778**	342,850	60,156
Total	**675,845**	**1,836,795**	574,570	1,378,179

The Group's exposure to credit and currency risks are disclosed in note 29.

21. Cash and cash equivalents

	2019	2018
	USD'000	USD'000
Cash at banks and in hand	**1,056,487**	713,083
Short-term deposits	**1,823,606**	1,862,758
Deposits under lien	**63,266**	38,869
Cash and cash equivalents for consolidated statement of cash flows	**2,943,359**	2,614,710

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.

22. Employees' end of service benefits

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

	2019	2018
	USD'000	USD'000
As at 1 January	**159,233**	122,230
Acquired through business combinations	**4,515**	35,612
Provision made during the year	**28,197**	35,446
Amounts paid during the year	**(19,150)**	(31,659)
Actuarial loss on defined benefit plan	**1,697**	2,048
Translation adjustments	**1,735**	(4,444)
As at 31 December	**176,227**	159,233

22. 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 2019 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 2019 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.

23. Pension and post-employment benefits

The Group participates in a number of pension schemes throughout the world, mostly concentrated in the United Kingdom.

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.

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 120,261 thousand. The Group agreed with the Trustee to a new monthly deficit payment plan effective from 1 April 2016 of USD 11,894 thousand until 31 March 2020, increasing to a total of USD 13,546 thousand until 31 March 2024 and further increasing to USD 15,859 thousand a year until 30 November 2026. The actuarial valuation as at 31 March 2019 is still to be finalised.

In December 2007, as part of a process developed with the Group to de-risk the pension scheme, the Trustee transferred USD 1,600,000 thousand of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

b) P&O Ferries Scheme

Formal actuarial valuations of the P&O Ferries Scheme will normally be carried out triennially by qualified independent actuaries, the latest completed regular valuation report for the scheme being at 1 April 2017, using the projected unit method.

At this date, the market value of the P&O Ferries Scheme's assets were USD 236,100 thousand and the value of accrued benefits to members allowing for future increases in earnings was USD 268,200 thousand giving a deficit of USD 32,100 thousand and a funding ratio of 88%.

As a result of this valuation P&O Ferries committed to deficit payments from April 2018 to March 2027 totalling USD 24,300 thousand.

23. Pension and post-employment benefits (continued)

c) 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 scheme has been closed to further benefit accrual from 31 March 2016.

The most recent formal actuarial valuation of the New Section of MNOPF Scheme was carried out as at 31 March 2018. This resulted in a deficit of USD 11,800 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 2018 actuarial valuation. The New Section of the MNOPF Scheme closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009, 2012 and 2015 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.

For the Group, aggregated outstanding contributions from these valuations are payable as follows:

- 2020: USD 14,418 thousand
- 2021 to 2023: USD 295 thousand per annum.

The Group's share of the net deficit of the MNOPF Scheme at 31 December 2019 is estimated at 13.6%.

d) 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 467,800 thousand. The most recent formal actuarial valuation was carried out as at 31 March 2017. The deficit contributions arising from the valuation totalled USD 117,600 thousand. The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 March 2025.

For the Group, aggregated outstanding contributions from these valuations are payable as follows:

- 2020: USD 10,600 thousand
- 2021 to 2025: USD 172,100 thousand

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 MNRPF at 31 December 2019 is estimated at 39.1%.

e) Others

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

23. Pension and post-employment benefits (continued)

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

	2019	2018
	USD'000	USD'000
Non-current		
Defined benefit schemes net liabilities	**344,612**	156,762
Liability in respect of long service leave	**241**	167
Liability for other non-current deferred compensation	**2,553**	153
	347,406	157,082
Current		
Defined benefit schemes net liabilities	**27,513**	-
Liability for current deferred compensation	**79,279**	7,066
	106,792	7,066
Net liabilities	**454,198**	164,148

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

	2019	2018
	USD'000	USD'000
Defined benefit schemes *	**13,917**	36,281
Defined contribution schemes	**44,140**	12,500
Other employee benefits	**18,298**	988
Total	**76,355**	49,769

* In 2018, 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:

	2019	2018
	USD'000	USD'000
Actuarial gain/ (loss) recognised in the year	**283,958**	(124,982)
Return on plan assets (lesser)/ greater than the discount rate	**(236,412)**	120,786
Change in share in multi-employer scheme	**7,529**	133
Movement in minimum funding liability	**(52,960)**	(26,944)
Total	**2,115**	(31,007)

23. Pension and post-employment benefits (continued)

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2019 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	**P&O Ferries scheme**	**MNOPF scheme**	**MNRPF scheme**	**Other schemes**	P&O UK scheme	MNOPF scheme	MNRPF scheme	Other schemes
	2019	**2019**	**2019**	**2019**	**2019**	2018	2018	2018	2018
Discount rates	**1.95%**	**1.95%**	**1.95%**	**1.95%**	**1.92%**	2.85%	2.85%	2.85%	3.00%
Discount rates bulk annuity asset	**1.85%**	**-**	**-**	**-**	**-**	2.65%	-	-	-
Expected rates of salary increases	**-***	**-***	**-***	**-***	**0.30%**	-*	-*	-*	2.4%
Pension increases:									
deferment	**3.00%**	**2.90%**	**2.25%**	**2.25%**	**2.22%**	3.00%	2.55%	2.55%	2.80%
payment	**3.00%**	**2.80%**	**3.15%**	**3.15%**	**2.98%**	3.00%	3.45%	3.45%	3.20%
Inflation	**3.25%**	**3.25%**	**3.25%**	**3.25%**	**3.11%**	3.55%	3.55%	3.55%	3.30%

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

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**
2019				
P&O UK scheme	**22.8**	**24.5**	**24.9**	**26.7**
P&O Ferries scheme	**22.5**	**24.2**	**24.4**	**26.3**
MNOPF scheme	**21.8**	**23.9**	**23.9**	**26.0**
MNRPF scheme	**19.2**	**21.2**	**22.4**	**24.5**
2018				
P&O UK scheme	21.6	23.2	23.5	25.3
MNOPF scheme	23.2	26.1	26.6	29.4
MNRPF scheme	19.0	20.9	22.2	24.5

At 31 December 2019, the weighted average duration of the defined benefit obligation was 14.9 years (2018: 14.0 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 2019 by the amounts shown below:

	USD'000
0.1% reduction in discount rate	**10,400**
0.1% increase in inflation assumption and related assumptions	**10,300**
0.25% p.a. increase in the long term rate of mortality improvement	**11,400**

23. Pension and post-employment benefits (continued)

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	**P&O Ferries scheme**	**MNOPF scheme**	**MNRPF scheme**	**Other schemes**	**Total group schemes fair value**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
2019						
Equities	**236,029**	**81,807**	**239,068**	**75,857**	**57,746**	**690,507**
Bonds	**289,155**	**66,524**	**560,734**	**590,713**	**200,480**	**1,707,606**
Other	**281,226**	**134,150**	**-**	**-**	**51,011**	**466,387**
Value of insured pensioner liability	**953,895**	**-**	**-**	**-**	**2,631**	**956,526**
Total	**1,760,305**	**282,481**	**799,802**	**666,570**	**311,868**	**3,821,026**
2018						
Equities	199,733	-	65,214	12,403	45,650	323,000
Bonds	248,068	-	150,759	86,185	86,949	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	98,588	171,472	2,105,379

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

23. Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2019 and 31 December 2018:

	P&O UK scheme	**P&O Ferries scheme**	**MNOPF scheme**	**MNRPF scheme**	**Other schemes**	**Total group schemes**	P&O UK scheme	P&O Ferries scheme	MNOPF scheme	MNRPF scheme	Other schemes	Total group schemes
	2019	**2019**	**2019**	**2019**	**2019**	**2019**	2018	2018	2018	2018	2018	2018
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Present value of obligation at 1 January	**(1,635,201)**	**-**	**(201,140)**	**(104,853)**	**(209,451)**	**(2,150,645)**	(1,842,376)	-	(227,085)	(118,614)	(236,944)	(2,425,019)
Employer's interest cost	**(45,048)**	**(3,666)**	**(14,165)**	**(10,592)**	**(8,012)**	**(81,483)**	(44,284)	-	(5,469)	(2,801)	(5,919)	(58,473)
Employer's current service cost	**-**	**-**	**-**	**-**	**(7,097)**	**(7,097)**	-	-	-	(1,601)	(2,401)	(4,002)
Employer's past service cost*	**-**	**-**	**-**	**-**	**-**	**-**	(23,743)	-	(1,067)	-	(2,934)	(27,744)
Acquired through business combinations	**-**	**(283,085)**	**(619,250)**	**(585,815)**	**(72,909)**	**(1,561,059)**	-	-	-	-	-	-
Contributions by scheme participants	**-**	**-**	**-**	**-**	**(1,250)**	**(1,250)**	-	-	-	-	(1,200)	(1,200)
Effect of movement in exchange rates	**(58,938)**	**(11,596)**	**(27,863)**	**(27,666)**	**(26,512)**	**(152,575)**	95,931	-	11,806	6,159	12,069	125,965
Benefits paid	**107,963**	**3,595**	**22,971**	**19,908**	**8,442**	**162,879**	93,504	-	12,672	6,002	8,537	120,715
Experience gains/ (losses) on scheme liabilities	**23,609**	**(370)**	**2,935**	**(1,914)**	**4,637**	**28,897**	-	-	(1,734)	800	(667)	(1,601)
Change in share in multi-employer scheme	**-**	**-**	**110,005**	**-**	**-**	**110,005**	-	-	-	(5,869)	-	(5,869)
Actuarial gain on scheme liabilities due to change in demographic assumptions	**(20,036)**	**1,046**	**3,446**	**-**	**6,531**	**(9,013)**	9,737	-	-	6,136	1,334	17,207
Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions	**(182,873)**	**(12,021)**	**(30,883)**	**(35,416)**	**(42,649)**	**(303,842)**	76,030	-	9,737	4,935	18,674	109,376
Present value of obligation at 31 December	**(1,810,524)**	**(306,097)**	**(753,944)**	**(746,348)**	**(348,270)**	**(3,965,183)**	(1,635,201)	-	(201,140)	(104,853)	(209,451)	(2,150,645)

* In 2018, 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)

23. 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 2019 and 31 December 2018:

	P&O UK scheme	**P&O Ferries scheme**	**MNOPF scheme**	**MNRPF**	**Other schemes**	**Total group schemes**	P&O UK scheme	P&O Ferries scheme	MNOPF scheme	MNRPF scheme	Other schemes	Total group schemes
	2019	**2019**	**2019**	**2019**	**2019**	**2019**	2018	2018	2018	2018	2018	2018
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Fair value of scheme assets at 1 January	**1,619,346**	**-**	**215,973**	**98,588**	**171,472**	**2,105,379**	1,833,720	-	254,135	106,983	184,751	2,379,589
Interest income on assets	**44,665**	**3,356**	**14,803**	**9,444**	**6,750**	**79,018**	44,151	-	6,136	2,668	4,486	57,441
Return on plan assets (lesser)/greater than the discount rate	**137,952**	**7,085**	**33,308**	**27,182**	**30,885**	**236,412**	(78,698)	-	(18,407)	(13,072)	(10,609)	(120,786)
Acquired through business combinations	**-**	**263,872**	**640,608**	**511,698**	**72,523**	**1,488,701**	-	-	-	-	-	-
Contributions by employer	**11,485**	**1,251**	**6,891**	**18,102**	**12,860**	**50,589**	12,005	-	-	8,718	9,956	30,679
Contributions by scheme participants	**-**	**-**	**-**	**-**	**1,250**	**1,250**	-	-	-	-	1,200	1,200
Effect of movement in exchange rates	**57,245**	**10,711**	**29,490**	**24,654**	**24,810**	**146,910**	(95,127)	-	(12,819)	(5,729)	(9,555)	(123,230)
Benefits paid	**(107,963)**	**(3,595)**	**(22,971)**	**(19,908)**	**(8,442)**	**(162,879)**	(93,504)	-	(12,672)	(6,002)	(8,537)	(120,715)
Change in share in multi-employer scheme	**-**	**-**	**(117,534)**	**-**	**-**	**(117,534)**	-	-	-	5,736	-	5,736
Administration costs incurred during the year	**(2,425)**	**(199)**	**(766)**	**(3,190)**	**(240)**	**(6,820)**	(3,201)	-	(400)	(714)	(220)	(4,535)
Fair value of scheme assets at 31 December	**1,760,305**	**282,481**	**799,802**	**666,570**	**311,868**	**3,821,026**	1,619,346	-	215,973	98,588	171,472	2,105,379
Defined benefit schemes net liabilities	**(50,219)**	**(23,616)**	**45,858**	**(79,778)**	**(36,402)**	**(144,157)**	(15,855)	-	14,833	(6,265)	(37,979)	(45,266)
Minimum funding liability	**(42,554)**	**-**	**(61,849)**	**(123,565)**	**-**	**(227,968)**	(80,174)	-	(14,833)	(16,367)	(122)	(111,496)
Net liability recognised in the consolidated statement of financial position at 31 December	**(92,773)**	**(23,616)**	**(15,991)**	**(203,343)**	**(36,402)**	**(372,125)**	(96,029)	-	-	(22,632)	(38,101)	(156,762)

23. 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:-

	2019	2018
	USD'000	USD'000
Minimum funding liability as on 1 January	**(111,496)**	(141,607)
Employer's interest cost	**(5,105)**	(3,468)
Acquired through business combinations	**(156,243)**	-
Actuarial gain during the year	**52,960**	26,944
Effect of movement in exchange rates	**(8,084)**	6,635
Minimum funding liability as on 31 December	**(227,968)**	(111,496)

It is anticipated that the Group will make the following contributions to the pension schemes in 2020:

	P&O UK scheme	**P&O Ferries scheme**	**MNOPF scheme**	**MNRPF scheme**	**Other schemes**	**Total group schemes**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Pension scheme contributions	**11,894**	**1,531**	**13,923**	**15,377**	**10,339**	**53,064**

24. Accounts payable and accruals

	2019	**2019**	2018	2018
	Non-current	**Current**	Non-current	Current
	USD'000	**USD'000**	USD'000	USD'000
Trade payables	**-**	**455,287**	-	324,185
Deferred revenue	**39,894**	**352,347**	38,601	418,559
Advances and deposits from customers	**75,203**	**374,359**	-	267,282
Other payables and accruals	**173,988**	**1,374,858**	112,992	1,229,044
Provisions*	**2,068**	**74,159**	586	49,984
Fair value of derivative financial instruments	**88,118**	**16,128**	193,288	773
Amounts due to related parties (refer to note 28)	**-**	**16,522**	-	15,900
As at 31 December	**379,271**	**2,663,660**	345,467	2,305,727

* During the current year, additional provision of USD 101,258 thousand was made (2018: USD 45,224 thousand) and an amount of USD 75,601 thousand was utilised (2018: USD 34,898 thousand). The recognised provision reflects management's best estimate of the most likely outcome of various legal and other claims, which are subject to considerable uncertainty in terms of outcome and timing of settlement.

25. Non-controlling interests ('NCI')

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

	Middle East, Europe and Africa	**Asia Pacific and India**	**Australia and Americas**	**Other subsidiaries***	**Total**	Middle East, Europe and Africa	Asia Pacific and India	Australia and Americas	Other subsidiaries*	Total
	2019	**2019**	**2019**	**2019**	**2019**	2018	2018	2018	2018	2018
	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	**434,078**	**690,409**	**1,512,831**			-	937,532	1,045,943		
Current assets	**51,551**	**335,612**	**523,247**			-	220,275	467,645		
Non-current liabilities	**(88,924)**	**(107,567)**	**(1,229,153)**			-	(82,979)	(847,466)		
Current liabilities	**(174,952)**	**(86,773)**	**(310,393)**			-	(69,426)	(348,080)		
Net assets (100%)	**221,753**	**831,681**	**496,532**			-	1,005,402	318,042		
Carrying amount of fair value adjustments excluding goodwill	**157,721**	**279,615**	**380,399**			-	194,982	155,702		
Total	**379,474**	**1,111,296**	**876,931**			-	1,200,384	473,744		
Carrying amount of NCI as at 31 December	**94,869**	**409,257**	**394,618**	**133,308**	**1,032,052**	-	381,621	182,582	123,517	687,720
Statement of profit or loss information:										
Revenue	**24,468**	**327,006**	**839,076**			-	282,679	351,423		
Profit after tax	**(1,616)**	**50,479**	**46,737**			-	56,936	37,091		
Other comprehensive income, net of tax	**-**	**(38,877)**	**(1,580)**			-	(48,871)	(28,340)		
Total comprehensive income (100%), net of tax	**(1,616)**	**11,602**	**45,157**			-	8,065	8,751		
Profit allocated to NCI	**(404)**	**16,099**	**21,031**	**(31,019)**	**5,707**	-	19,019	16,691	25,426	61,136
Other comprehensive income attributable to NCI	**-**	**(13,207)**	**(711)**	**85,513**	**71,595**	-	(17,344)	(12,753)	(1,268)	(31,365)
Total comprehensive income attributable to NCI	**(404)**	**2,892**	**20,320**	**54,494**	**77,302**	-	1,675	3,938	24,158	29,771
Cash flow statement information:										
Cash flows from operating activities	**9,379**	**92,090**	**125,348**			-	86,315	124,247		
Cash flows from investing activities	**(118)**	**(40,687)**	**28,444**			-	(27,915)	(167,984)		
Cash flows from financing activities	**(9,261)**	**(28,745)**	**(148,454)**			-	(69,563)	79,573		
Dividends paid to NCI	**(63,000)**	**(17,979)**	**(24,244)**			-	23,760	-		

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

26. Business combinations

Acquisition of new subsidiaries

(a) On 28 February 2019, the Group acquired additional 35.25% ownership in DP World Australia (Holding) Pty Ltd (‘acquiree’). As a result of this transaction, the Group’s equity interest increased from 25% to 60.25%, obtaining control of this entity. The additional 35.25% ownership is acquired by purchasing equity of the acquiree for a nominal value, directly and through a trust and by purchasing loan notes of USD 276,003 thousand from the exiting shareholder’s loan.

Taking control of DP World Australia (Holding) Pty Ltd will enable the Group to develop its container terminal operations and ports logistics services across Australia region. The acquisition is also expected to provide reduction in overall operating costs through economies of scale.

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	**462,882**	**462,882**
Port concession rights	**456,949**	**472,329**
Right-of-use asset	**468,468**	**468,468**
Investment in equity-accounted investees	**31,167**	**31,167**
Inventories	**4,933**	**4,933**
Accounts receivables and prepayments	**63,060**	**63,060**
Bank balances and cash	**67,806**	**67,806**
Liabilities		
Pension and post-employment benefits	**(68,353)**	**(68,353)**
Loans and borrowings	**(309,104)**	**(309,104)**
Lease liabilities	**(476,856)**	**(476,856)**
Accounts payable and accruals	**(92,886)**	**(92,886)**
Deferred tax liabilities	**-**	**(4,614)**
Net assets acquired	**608,066**	**618,832**
Less: non-controlling interest recognised on acquisition including shareholder loans		**(337,845)**
Goodwill arising on acquisition		**207,504**
Total purchase consideration including existing and assumed new shareholder loans*		**488,491**
For cash flow statement:		
Cash paid for settlement of existing shareholder loans		**(276,003)**
Cash acquired on acquisition		**67,806**
Net cash paid on acquisition		**(208,197)**

* This also includes fair value of existing loans amounting to USD 212,488 thousand.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group’s existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

The remeasurement to fair value of the Group’s existing 25% interest in DP World Australia (Holding) Pty Ltd has resulted in a loss of USD 25,510 thousand which includes derecognition of carrying amount of the existing equity-accounted investee at the date of acquisition and recycling of translation reserve to the statement of profit or loss (refer to note 8).

26. Business combinations (continued)

Acquisition of new subsidiaries (continued)

Acquisition related costs of USD 1,354 thousand were expensed and included in general and administrative expenses.

The deferred tax liability relates to fair value adjustments on port concession rights.

The Group has elected to measure the non-controlling interest in the acquiree at fair value. The fair value was arrived using income approach model.

From the acquisition date, this acquisition has contributed revenues of USD 316,286 thousand and gross profit of USD 104,501 thousand to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by USD 63,257 thousand and consolidated gross profit for the year would have increased by USD 11,868 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

On 20 December 2019, Caisse de dépôt et placement du Québec (CDPQ) acquired an effective ownership of 27.11% in DP World Australia (Holding) Pty Ltd for a consideration of USD 228,749 thousand and as a result Group's effective controlling ownership is reduced to 33.14% with controlling interests.

(b) On 5 April 2019, the Group acquired 99.2% stake in Puertos y Logistica S.A. (Pulogsa) in Chile for a purchase consideration of USD 498,898 thousand. Pulgosa is a multipurpose terminal which has long term maritime concessions with freehold land ownership, which handles containers, break-bulk and dry bulk. The port is strategically positioned to benefit from the well-established pulp and lumber industry in Southern Chile, next to the country's second largest city and industrial hub Concepción. This acquisition will allow the Group to serve cargo owners and shipping lines at five key gateways on the west coast of South America in Posorja (Ecuador), Callao and Paita (Peru) and San Antonio and Lirquen (Chile).

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	**244,267**	**244,267**
Other intangible assets	**221,843**	**221,843**
Port concession rights	**-**	**215,200**
Investment properties	**3,594**	**3,594**
Right-of-use asset	**1,058**	**1,058**
Deferred tax asset	**3,804**	**3,804**
Accounts receivables and prepayments	**108,434**	**108,434**
Inventories	**1,374**	**1,374**
Bank balances and cash	**61,069**	**61,069**
Liabilities		
Loans and borrowings	**(278,196)**	**(278,196)**
Pension and post-employment benefits	**(2,677)**	**(2,677)**
Accounts payable and accruals	**(55,514)**	**(55,514)**
Deferred tax liabilities	**(29,737)**	**(87,841)**
Net assets acquired	**279,319**	**436,415**
Less: non-controlling interest recognised on acquisition		**(3,469)**
Goodwill arising on acquisition		**65,952**
Total purchase consideration		**498,898**

For cash flow statement:		
Cash paid on acquisition		**(498,898)**
Cash acquired on acquisition		**61,069**
Net cash paid on acquisition		**(437,829)**

26. Business combinations (continued)

Acquisition of new subsidiaries (continued)

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of USD 1,435 thousand were expensed and included in general and administrative expenses.

The deferred tax liability relates to fair value adjustments on port concession rights. The Group has elected to measure the non-controlling interests in the acquiree at the proportionate shares of its interest in the acquiree's identifiable net assets.

From the acquisition date, this acquisition has contributed revenues of USD 108,676 thousand and gross profit of USD 20,770 thousand to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by USD 36,225 thousand and consolidated gross profit for the year would have increased by USD 6,923 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

On 8 May 2019, Caisse de dépôt et placement du Québec (CDPQ) acquired an effective ownership of 44.64% in Puertos y Logistica S.A. for a consideration of USD 227,993 thousand and as a result Group's effective ownership is reduced to 54.56%.

(c) On 1 July 2019, the Group acquired 100% ownership in P&O Ferries Group from its Parent company for a purchase consideration of USD 409,331 thousand. P&O Ferries is a pan-European integrated logistics business consisting of a market leading roll-on roll-off (Ro-Ro) ferries operation and a European transportation and logistics solutions provider, P&O Ferrymasters. P&O Ferries operates a fleet of vessels on the Short Sea, North Sea and Irish Sea sectors across 11 ports whilst P&O Ferrymasters provides supply chain solutions in major European locations. This acquisition will allow the Group to provide logistics services in major European locations.

	Acquiree's carrying amount	**Fair value recognised on acquisition**
	USD'000	**USD'000**
Assets		
Property, plant and equipment	**520,294**	**635,212**
Other intangible assets	**8,677**	**8,677**
Investments in equity-accounted investees	**592**	**592**
Right-of-use asset	**72,555**	**72,555**
Accounts receivables and deferred tax assets	**251,973**	**251,973**
Inventories	**16,205**	**16,205**
Bank balances and cash	**86,711**	**86,711**
Liabilities		
Loans and borrowings	**(246,077)**	**(246,077)**
Accounts payable and accruals	**(285,512)**	**(285,512)**
Pension and post-employment benefits	**(228,601)**	**(228,601)**
Deferred tax and income tax liabilities	**(3,037)**	**(3,037)**
Net assets acquired	**193,780**	**308,698**
Goodwill arising on acquisition		**100,633**
Total purchase consideration		**409,331**

For cash flow statement:		
Cash paid on acquisition		**(409,331)**
Cash acquired on acquisition		**86,711**
Net cash paid on acquisition		**(322,620)**

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing business and none of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of USD 6,250 thousand were expensed and included in general and administrative expenses.

No deferred tax liability arises on the fair value adjustments as the P&O Ferries Group is subject to tonnage tax.

26. Business combinations (continued)

Acquisition of new subsidiaries (continued)

From the acquisition date, this acquisition has contributed revenues of USD 691,814 thousand and gross profit of USD 90,163 thousand to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by USD 683,855 thousand and consolidated gross profit for the year would have increased by USD 53,098 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

(d) On 18 September 2019, the Group acquired 100% stake in Topaz Energy and Marine Limited ("Topaz") from Renaissance Services SAOG for a purchase consideration of USD 302,700 thousand. Topaz is a leading international critical logistics and solutions provider to the global energy industry and operates a modern, versatile fleet of vessels, predominantly in the Caspian Sea, MENA, and West Africa regions. This acquisition will allow the Group to serve cargo owners and shipping lines across Azerbaijan within the East-West trade corridor.

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	**1,356,907**	**1,441,607**
Other intangible assets	**890**	**890**
Right-of-use asset	**2,357**	**2,357**
Accounts receivables and deferred tax assets	**106,716**	**106,716**
Inventories	**2,393**	**2,393**
Bank balances and cash	**37,060**	**37,060**
Liabilities		
Loans and borrowings	**(772,662)**	**(772,662)**
Accounts payable and accruals	**(153,379)**	**(153,379)**
Advance from customers	**(225,884)**	**(225,884)**
End of service benefits	**(4,515)**	**(4,515)**
Deferred tax and income tax liabilities	**(17,879)**	**(11,891)**
Net assets acquired	332,004	422,692
Less: non-controlling interests relating to the subsidiaries of the Group		**(253,448)**
Goodwill arising on acquisition		**133,456**
Total purchase consideration		**302,700**

For cash flow statement:		
Cash paid on acquisition		**(302,700)**
Cash acquired on acquisition		**37,060**
Net cash paid on acquisition		**(265,640)**

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of USD 5,000 thousand were expensed and included in general and administrative expenses.

The deferred tax asset relates to fair value adjustments on port concession rights. The Group has elected to measure the non-controlling interests in the acquiree at the proportionate shares of its interest in the acquiree's identifiable net assets.

From the acquisition date, this acquisition has contributed revenues of USD 140,650 thousand and gross profit of USD 69,520 thousand to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by USD 335,989 thousand and consolidated gross profit for the year would have increased by USD 147,384 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

27. 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 ("P&O SNCo")	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

27. Significant group entities (continued)

b) Significant subsidiaries – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Terminales Rio de la Plata SA	55.62%	Argentina	Container terminal operations
DP World Australia (Holding) Pty Ltd	33.14% *** ##	Australia	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
Puertos y Logistica S.A.	54.89% ##	Chile	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	85.02%	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	Roll-on/ roll-off operations

27. 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
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
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
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

DP World PLC and its subsidiaries

Notes to consolidated financial statements *(continued)*

27. 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
Topaz Energy and Marine Limited	100% ##	Bermuda	Charter of marine vessels and ship management
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
Winter Logistics Private Limited	55.64%	India	Cold chain logistics
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
Base Marine Norway AS	51%	Norway	Maritime services
P&O Maritime Services (PNG) Limited	100%	Papua New Guinea	Maritime services
P&O Maritime Paraguay (Holdings) S.A.	100%	Paraguay	Maritime services
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
P&O Maritime Ukraine LLC	51%	Ukraine	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
Jebel Ali Free Zone FZE	100%	United Arab Emirates	Management, operation and development of free zones, economic zones and industrial zones
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
LG Park Freehold Limited	100%	United Kingdom	Management and operation of industrial parks
P&O Ferries Division Holdings Limited	100% ##	United Kingdom	Ferry services and harbour operator
Hyperloop Technologies, Inc.	72.11% *	United States of America	Development of hyperloop transportation system

27. Significant group entities (continued)

* 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/ board composition do 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.

*** Although the Group only has a 33.14% effective ownership interest in this entity, it is treated as a subsidiary, as the Group is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors.

\# 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. The London Court of International Arbitration ruled 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.

\#\# Businesses acquired during the year; refer to note 26 for details.

28. Related party transactions

Other related party transactions

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

	Equity-accounted investees	**Other related parties**	**Total**	Ultimate Parent Company	Equity-accounted investees	Other related parties	Total
	2019	**2019**	**2019**	2018	2018	2018	2018
	USD'000	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000
Expenses charged:							
Concession fee	-	**8,175**	**8,175**	-	-	50,338	50,338
Shared services	-	**287**	**287**	-	-	529	529
Marine service fees	-	**13,043**	**13,043**	-	-	12,607	12,607
IT services fee	-	**4,794**	**4,794**			6,052	6,052
Other services	-	**9,234**	**9,234**	-	-	2,707	2,707
Interest expense	-	**57,395**	**57,395**	1,904	-	-	1,904
Revenue earned:							
Revenue	-	**14,284**	**14,284**	-	-	12,875	12,875
Management fee	**14,956**	**17,475**	**32,431**	-	16,238	18,085	34,323
Interest income	**6,817**	**-**	**6,817**	2,703	31,321	-	34,024

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

	Due from related parties		**Due to related parties**	
	2019	2018	**2019**	2018
	USD'000	USD'000	**USD'000**	USD'000
Ultimate Parent Company	**2,396**	2,383	**1,499**	1,605
Parent Company	**30**	-	**3**	565
Equity-accounted investees (refer to note 26)	**128,725**	375,751	**1,840**	2,067
Other related parties	**36,017**	24,872	**13,180**	11,663
Total	**167,168**	403,006	**16,522**	15,900

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 37.

28. Related party transactions (continued)

Business combinations under common control

On 1 July 2019, the Group acquired 100% stake in P&O Ferries from its parent company Port and Free Zone World (refer to note 26 (c)).

Compensation of key management personnel

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

	2019	2018
	USD'000	USD'000
Short-term benefits and bonus	**15,090**	14,366
Post-retirement benefits	**364**	335
Total	**15,454**	14,701

29. 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 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.

29. Financial risk management (continued)

a) Credit risk (continued)

Trade and other receivables (continued)

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 2019 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.

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:

	2019	2018
	USD'000	USD'000
FVOCI – equity instruments	**20,009**	48,050
Financial assets at FVTPL	**-**	3,028
Derivative assets	**1,292**	8,735
Trade and other receivables excluding prepayments	**2,085,637**	1,727,101
Cash and cash equivalents	**2,943,359**	2,614,710
Total	**5,050,297**	4,401,624

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

	2019	2018
	USD'000	USD'000
Asia Pacific and India	**69,660**	81,335
Australia and Americas	**189,058**	122,828
Middle East, Europe and Africa	**735,338**	455,220
Total	**994,056**	659,383

29. Financial risk management (continued)

a) Credit risk (continued)

i. Exposure to credit risk (continued)

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

	2019	2018
	USD'000	USD'000
Neither past due nor impaired on the reporting date:	**617,140**	376,486
Past due on the reporting date		
Past due 0-30 days	**202,197**	161,656
Past due 31-60 days	**57,160**	46,692
Past due 61-90 days	**40,120**	26,597
Past due > 90 days	**77,439**	47,952
Total	**994,056**	659,383

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:

	2019	2018
	USD'000	USD'000
As at 1 January	**129,980**	106,685
Acquired through business combinations	**19,242**	19,471
Provision recognised during the year	**1,741**	3,824
As at 31 December	**150,963**	129,980

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.

Current trade receivables with the top ten customers represent 34% (2018: 39%) 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.

29. 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						2018
Issued bonds	6,929,630	(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	2,618,061	(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)
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)
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	(19,227,952)	(2,679,574)	(1,109,354)	(3,391,883)	(12,047,141)

Non derivative financial liabilities						**2019**
Issued bonds	**8,984,257**	**(15,658,089)**	**(896,915)**	**(414,258)**	**(2,371,418)**	**(11,975,498)**
Convertible bonds	**222,236**	**(274,730)**	**(4,551)**	**(4,501)**	**(265,678)**	**-**
Bank loans	**4,074,391**	**(5,550,965)**	**(770,426)**	**(325,914)**	**(1,767,353)**	**(2,687,272)**
Loans from non-controlling shareholders	**689,017**	**(808,577)**	**(24,976)**	**(23,896)**	**(91,050)**	**(668,655)**
Lease liabilities	**2,513,190**	**(7,866,780)**	**(311,468)**	**(339,915)**	**(675,968)**	**(6,539,429)**
Trade and other payables	**2,020,656**	**(2,065,788)**	**(1,846,667)**	**(59,227)**	**(20,208)**	**(139,686)**
Derivative financial liabilities						
Interest rate swaps used for hedging	**89,935**	**(97,368)**	**29**	**(46,072)**	**(36,888)**	**(14,437)**
Embedded derivative option	**14,311**	**-**	**-**	**-**	**-**	**-**
Total	**18,607,993**	**(32,322,297)**	**(3,854,974)**	**(1,213,783)**	**(5,228,563)**	**(22,024,977)**

Also, refer to note 37 for further details on financial guarantees and letters of credit.

29. 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 66.5% (2018: 63.9%) 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.

29. 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:

									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
Unbilled revenue	80,269	2,464	21,956	2,605	8,445	822	375	854	117,790
Deposits receivable	28,156	-	48,990	1,414	130	-	-	58	78,748
Bank loans	(886,035)	(820,503)	(23,259)	-	(144,736)	(435,311)	-	(308,217)	(2,618,061)
Loan from non-controlling shareholders	(7,778)	-	(20,734)	-	(547)	(104,177)	-	-	(133,236)
Unsecured bonds	(6,489,236)	(440,941)	(848,318)	-	-	-	-	-	(7,778,495)
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)
Advances and deposits from customers	(261,448)	-	-	-	(5,676)	-	(58)	(100)	(267,282)
Net consolidated statement of financial position exposures	(5,890,531)	(655,147)	(621,956)	32,957	(20,076)	(363,781)	118,538	(273,839)	(7,673,835)

29. Financial risk management (continued)

c) Market risk (continued)

i. Currency risk (continued)

Exposure to currency risk (continued)

									2019
	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	1,933,119	202,619	250,813	68,445	175,791	118,399	119,965	74,208	2,943,359
Trade receivables	758,060	200,892	130,403	61,432	40,119	52,812	29,408	50,604	1,323,730
Unbilled revenue	147,441	20,020	12,559	1,314	8,141	600	545	2,867	193,487
Deposits receivable	10,759	1,190	49,780	80	1,786	-	702	2,162	66,459
Bank loans	(1,898,272)	(1,000,056)	(44,491)	(312,209)	(112,994)	(435,714)	-	(270,655)	(4,074,391)
Loan from non-controlling shareholders	(7,802)	-	(18,500)	(553,363)	-	(109,352)	-	-	(689,017)
Unsecured bonds	(7,915,930)	(456,500)	(834,063)	-	-	-	-	-	(9,206,493)
Lease liabilities	(1,012,228)	(575,945)	(211,153)	(493,771)	(14,755)	(163,427)	(19,867)	(22,044)	(2,513,190)
Trade payables	(146,744)	(110,776)	(98,487)	(13,601)	(21,843)	(3,864)	(11,243)	(48,729)	(455,287)
Advances and deposits from customers	(438,302)	-	-	-	(9,478)	-	-	(1,782)	(449,562)
Net consolidated statement of financial position exposures	**(8,569,899)**	**(1,718,556)**	**(763,139)**	**(1,241,673)**	**66,767**	**(540,546)**	**119,510**	**(213,369)**	**(12,860,905)**

* 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.

29. Financial risk management (continued)

c) Market risk (continued)

i. Currency risk (continued)

Sensitivity analysis

A 10% 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**	
	2019	2018	**2019**	2018
	USD'000	USD'000	**USD'000**	USD'000
GBP	**(5,428)**	(5,173)	**(190,951)**	(73,068)
EUR	**(189)**	(83)	**(84,793)**	(76,989)
AUD	**(3,750)**	(3)	**(137,964)**	(3,215)
INR	**(458)**	(379)	**(7,419)**	(2,553)
CAD	**(1,556)**	(1,554)	**(60,061)**	(40,511)
KRW	**(203)**	(204)	**(13,279)**	(13,136)

A 10% 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 2019, after taking into account the effect of interest rate swaps, approximately 92% (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	
	2019	2018
	USD'000	USD'000
Fixed rate instruments		
Financial liabilities (loans and borrowings)	**(13,076,339)**	(8,097,155)
Interest rate swaps hedging floating rate debt	**(2,098,943)**	(1,537,475)
Total	**(15,175,282)**	(9,634,630)
Variable rate instruments		
Financial assets (short term deposits)	**1,886,872**	1,901,627
Financial liabilities (loans and borrowings)	**(3,406,752)**	(2,455,844)
Interest rate swaps hedging floating rate debt	**2,098,943**	1,537,475
Total	**579,063**	983,258

29. 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**
2019				
Variable rate instruments	**5,791**	**(5,791)**	**-**	**-**
Interest rate swaps	**(1,350)**	**1,350**	**19,639**	**(19,639)**
Cash flow sensitivity (net)	**4,441**	**(4,441)**	**19,639**	**(19,639)**
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)

29. 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:

		2019	2019	2018	2018
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
		USD'000	USD'000	USD'000	USD'000
FVOCI – equity instruments	**2**	**20,009**	**20,009**	48,050	48,050
Financial assets at FVTPL					
Equity securities	**3**	**-**	**-**	3,028	3,028
Convertible debt instrument	**2**	**-**	**-**	90,000	90,000
Derivative instruments for hedging	**2**	**1,292**	**1,292**	8,735	8,735
Financials assets carried at amortised cost					
Trade and other receivables**		**2,085,637**	**-**	1,637,101	-
Cash and cash equivalents*		**2,943,359**	**-**	2,614,710	-
Financial liabilities carried at fair value					
Interest rate swaps used for hedging	**2**	**(89,935)**	**(89,935)**	(61,021)	(61,021)
Embedded derivative option	**2**	**(14,311)**	**(14,311)**	(133,040)	(133,040)
Financial liabilities carried at amortised cost					
Issued bonds	**1**	**(8,984,257)**	**(10,086,366)**	(6,929,630)	(7,185,042)
Convertible bonds	**2**	**(222,236)**	**(228,246)**	(848,865)	(821,910)
Bank loans*		**(4,074,391)**	**-**	(2,618,061)	-
Loans from non-controlling shareholders*		**(689,017)**	**-**	(133,236)	-
Finance lease liabilities*		**(2,513,190)**	**-**	(23,207)	-
Trade and other payables**		**(2,020,656)**	**-**	(1,964,732)	-

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.

The embedded derivative option liability of the convertible bond is fair valued at each reporting date based on the Black and Scholes option pricing model adjusted with market assumptions relating to share price, risk free rate and volatility. 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.

29. 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.

30. Share capital

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

	2019	2018
	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

31. 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 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)
Balance as at 1 January 2019	**27,472**	**(585,662)**	**(558,190)**
Other comprehensive income, net of tax	**(31,075)**	**(3,186)**	**(34,261)**
Balance as at 31 December 2019	**(3,603)**	**(588,848)**	**(592,451)**

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.

Actuarial reserve

The actuarial reserve comprises the cumulative actuarial losses recognised in the consolidated statement of other comprehensive income.

31. Reserves (continued)

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.

32. Loans and borrowings

	2019	2018
	USD'000	USD'000
Issued bonds *	**8,984,257**	6,929,630
Bank loans *	**4,074,391**	2,618,061
Convertible bonds **	**222,236**	848,865
	13,280,884	10,396,556
of which:		
Classified as non-current	**12,185,472**	10,048,232
Classified as current	**1,095,412**	348,324
of which:		
Secured loans and borrowings	**3,529,257**	2,055,459
Unsecured loans and borrowings	**9,751,627**	8,341,097

The below table provides movement of loans and borrowings:

	2019	2018
	USD'000	USD'000
Balance at 1 January	**10,396,556**	7,564,637
Cash flow items		
Proceeds from issue of bonds (net of transaction cost paid) *	**2,311,179**	3,263,326
Acquired through business combinations	**1,528,293**	932,140
Drawdown of borrowings during the year	**846,195**	1,590,940
Repayment of borrowings during the year	**(767,084)**	(2,382,237)
Repurchase of GMTN and convertible bonds **	**(679,074)**	-
Redemption of Sukuk	**(232,014)**	(431,571)
Other non-cash items		
Interest accretion on convertible bonds	**18,776**	22,068
Transaction cost written off/ amortised during the year	**10,358**	(23,819)
Translation adjustments	**(152,301)**	(138,928)
Balance at 31 December	**13,280,884**	10,396,556

* During the year, USD 1.5 billion Trust Certificates (Sukuk) were issued under the USD 5 billion Trust Certificate Issuance Programme and USD 800 million Global Medium Term Notes (GMTN) were issued under the USD 10 billion GMTN Programme.

** On 1 October 2019, the Group redeemed USD 745,600 thousand of 10 year USD 1 billion unsecured convertible bonds due 2024. As a result of such redemption, USD 254,400 thousand convertible bonds remain outstanding. These bonds have an option of converting into 9.65 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.

32. Loans and borrowings (continued)

The maturity profile of the Group's loans and borrowings as of 31 December is as below:

Year of maturity	Bonds	Loans	Total
	USD'000	USD'000	USD'000
2020	473,405	622,007	1,095,412
2021	-	169,402	169,402
2022	-	416,327	416,327
2023	1,192,684	696,680	1,889,364
2024	222,236	261,035	483,271
2025	-	110,374	110,374
2026	834,063	170,403	1,004,466
2027	-	143,078	143,078
2028	992,888	194,330	1,187,218
2029	1,479,163	67,621	1,546,784
2030	456,500	75,606	532,106
2031-36	-	836,075	836,075
2037	1,740,254	26,402	1,766,656
Beyond 2037	1,815,300	285,051	2,100,351
Total	**9,206,493**	**4,074,391**	**13,280,884**

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 63,266 thousand (2018: USD 38,869 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 21).

At 31 December 2019, the undrawn committed borrowing facilities of USD 2,072,215 thousand (2018: USD 2,000,000 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 29.

33. Leases

a) Group as a lessee

Lease liability	**2019**	2018
	USD'000	USD'000
		(Finance lease)
At 1 January	**23,207**	33,775
At 1 January 2019 upon adoption of IFRS 16	**1,937,814**	-
Acquired through business combination	**554,602**	-
Payments	**(302,831)**	(10,468)
Additions	**87,617**	-
Interest expense	**138,749**	1,198
Reclassified from accounts payable	**31,879**	-
Translation adjustment	**42,153**	(1,298)
As at 31 December	**2,513,190**	23,207
Lease liabilities classified as:		
Non-current	**2,287,655**	17,156
Current	**225,535**	6,051
Total	**2,513,190**	23,207

Refer to note 13 for right-of-use assets and also refer note 29(b) for maturity profile of lease liabilities.

33. Leases (continued)

b) Group as a lessor

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

	2019	2018
	USD'000	USD'000
Within one year	**775,793**	361,105
Between one to five years	**1,442,929**	854,514
More than five years	**1,090,841**	1,010,247
Total	**3,309,563**	2,225,866

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, vessels and 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.

34. Loans from non-controlling shareholders

	2019	**2019**	2018	2018
	Non-current	**Current**	Non-current	Current
	USD'000	**USD'000**	USD'000	USD'000
Loans from non-controlling shareholders	**688,017**	**1,000**	132,236	1,000

These loans mainly include USD 664,577 thousand (2018: USD 104,177 thousand) granted by non-controlling shareholders of entities under 'Australia and Americas' region. These loans carry interest rate ranging between 5.5%-8.0% per annum and repayable between 2023 and 2037.

35. Capital management

The Board's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. 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.

Equity consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve, translation reserve and non-controlling interests. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios such as adjusted net debt/ adjusted equity and adjusted net debt/ adjusted EBITDA in order to support its business and maximise shareholder value.

For calculating these ratios:

- Adjusted net debt is defined as total loans and borrowings including lease liabilities less cash and cash equivalents.
- Adjusted EBITDA is defined in note 4 *Segment information*.

The Board monitors these ratios without considering the impact of IFRS 16 *Leases* which require further adjustments to adjusted EBITDA and equity. These modified ratios are also provided as an additional information.

35. Capital management (continued)

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:

		2019*	2019	2018
		USD'000	**USD'000**	USD'000
Total loans and borrowings (refer to note 32)		**13,280,884**	**13,280,884**	10,396,556
Add: IFRS 16 lease liabilities (refer to note 33)		**-**	**2,513,190**	-
Less: cash and cash equivalents (refer to note 21)		**(2,943,359)**	**(2,943,359)**	(2,614,710)
Total adjusted net debt	**A**	**10,337,525**	**12,850,715**	7,781,846
Equity		**12,887,218**	**12,887,218**	11,998,918
Add: IFRS 16 impacts of retained earnings, amortisation and finance costs		**446,280**	**-**	-
Total	**B**	**13,333,498**	**12,887,218**	11,998,918
Adjusted EBITDA		**3,305,580**	**3,305,580**	2,807,995
Less: fixed lease expense		**(236,024)**	**-**	-
Total	**C**	**3,069,556**	**3,305,580**	2,807,995
Adjusted net debt/ adjusted equity	**A / B**	**0.78**	**1.00**	0.65
Adjusted net debt/ adjusted EBITDA	**A / C**	**3.37**	**3.89**	2.77

* Ratios recomputed without considering the impacts of IFRS 16 *Leases*.

36. Capital commitments

	2019	2018
	USD'000	USD'000
Estimated capital expenditure contracted for as at 31 December	**753,750**	649,201

37. Contingencies

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

	2019	2018
	USD'000	USD'000
Performance guarantees	**156,146**	113,872
Payment guarantees	**60,578**	35,903
Letters of credit	**15,595**	6,821
Guarantees issued on behalf of equity-accounted investees	**40,825**	42,762
Total	**273,144**	199,358

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.

38. Subsequent events

a) On 6 January 2020, the Group completed the acquisition of 77% stake in Feedertech Group in Singapore. The transaction value is less than 1% of the Group's net asset value. Feedertech is a container feeder and shortsea network operator connecting the fast-growing trade route of Asia to the Middle East via the Indian Subcontinent.

b) On 17 February 2020, the boards of directors of PFZW and DP World PLC announced that they have reached agreement on the terms of a recommended cash offer ("the Offer") by PFZW for the entire issued and to be issued ordinary share capital of the Company, other than the shares already owned by or on behalf of the PFZW. (PFZW currently holds 667,735,000 DP World PLC shares, representing 80.45% of the existing issued ordinary share capital of the Company). It is intended that the Offer will be implemented by way of a scheme of arrangement under Part 9 of the DIFC Companies Law. Successful implementation of the Offer will give PFZW the opportunity to have 100% ownership of the Company. On or shortly after the completion (or lapse) of the Offer, the Company plans to apply to delist from Nasdaq Dubai.

c) On 20 February 2020, the Group completed the 100% acquisition of Fraser Surrey Docks from Macquarie Infrastructure Partners. Fraser Surrey Docks is a large, multi-purpose marine terminal located in the greater Vancouver area of British Columbia, Canada. The acquisition has been effected through the investment alliance with Caisse de dépot et placement du Québec (CDPQ), with the Group holding 55% share while CDPQ holding the remaining 45%.