DP WORLD

ANNUAL REPORT AND ACCOUNTS

Leading the Future

2017

INTRODUCTION

DP World is a leading enabler of global trade and an integral part of the supply chain. We operate multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions.

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INNOVATION

Changing service delivery for our customers

Innovation is a part of DP World and Dubai's DNA so we decided to accelerate this DNA to transform and rethink our business model. We enabled all our employees to use Innovation and Technology as a catalyst and disruptor in different layers of our organization. The collaboration of our cross functional teams allowed us to become "ONE" pursuing together our strategic direction leading the future by becoming a digital global trade enabler.

+ TECHNOLOGY PLATFORM

With our shared VISION, we have repositioned our business and aligned our organisation structure, we created a new Innovation Department headed by our Chief Innovation Officer. We planned and began the implementation of a 4-year plan; rebuilding a Technology Platform that will be the foundation to enable this transformation. Subsequently; we shared our vision and strategy of a new DP World with all our stakeholders – shareholders, customers, partners and employees, a business that will add value by making trade smarter, faster, safer and more profitable.

For our businesses and our customers, we are transforming our operations and our services through digitalisation. We've reviewed all our subsidiaries and divisions examining how technology can change what we do and how we work. We are using our new technology platform to improve our core business, extending our services and creating new business.

> I am very pleased with the commitment of both our people and our management to the transformation of our business delivering higher value to our customers and shareholders, more efficiently. I am certain we have set the stage for DP World to lead the disruption of world trade.

SARA FALAKNAZ
CHIEF INNOVATION OFFICER

INNOVATION

TRANSFORMING OUR BUSINESS

+ DIGITALISATION

One Employee Management

One Customer System

One Business Intelligence System

One Financial System

+ CREATING NEW BUSINESS

Logistics/Trade & Technology Platform

Global Connectivity

Intelligent Logistics

+ EXTENDING OUR SERVICES

Improve

Create New Revenue

Increase Our Addressable Market

FROM OUR ORGANISATION, OUR CORE OPERATIONS AND OUR BUSINESSES / SERVICES, WE ARE USING OUR TECHNOLOGY PLATFORM TO:

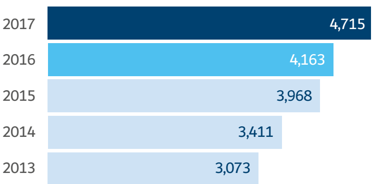
- AUTOMATE TO INCREASE EFFICIENCIES AND PERFORMANCE
- USE MACHINE LEARNING TO CREATE SMART OPERATIONS
- DEVELOP GREATER BUSINESS INSIGHT THROUGH INFORMATION ANALYTICS
- EXPLOIT THE INTERNET OF THINGS (“IOT”), ROBOTICS AND REAL-TIME CONTROLS THAT WILL CHANGE OUR SERVICE DELIVERY TO OUR CUSTOMERS

HIGHLIGHTS

Financial and operational highlights 2017

FINANCIAL (USD million)

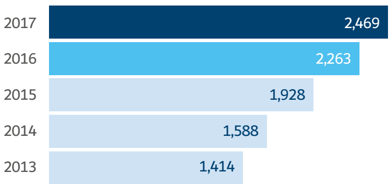
REVENUE (USD million)



4,715m

Revenue is in USD million before separately disclosed items. The results of the Group are set out in detail in the Consolidated Financial Statements and accompanying notes commencing on page 72.

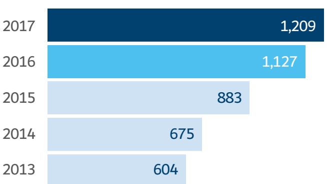
ADJUSTED EBITDA (USD million)



2,469m

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

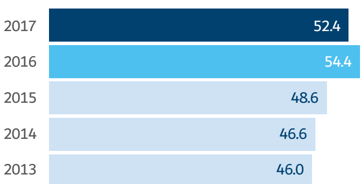
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (USD million)



1,209m

Profit attributable to owners of the Company is before taking separately disclosed items into account.

ADJUSTED EBITDA MARGIN (%)



52.4%

The adjusted EBITDA margin is calculated by dividing EBITDA by revenue.

OPERATIONAL

- Gross capacity across our portfolio grew 4.3% to 88.2 million TEU[1] (2016: 84.6 million TEU) and is expected to increase to 100 million TEU of gross capacity by 2020, subject to market demand.
- We continued to invest throughout 2017, with $1,090 million in capital expenditure across our portfolio, which is in line with our guidance of $1,200 million in 2017.
- We created an up to $3 billion investment platform in partnership with India's National Investment and Infrastructure Fund ("NIIF") to invest in ports, terminals, transportation and logistics businesses in India.
- We continued to make environmental improvements through our ongoing focus on emissions reduction and our continued efforts to reduce our energy consumption. This has allowed us to reduce energy per total terminal move by 4% and CO_2e emissions per modified TEU intensity by 8% (compared with 2013 baseline year).
- Lost time injury frequency rate dropped by 14% from 3.7 in 2016 to 3.2 in 2017. In addition, there has been increased safety awareness within our businesses, which has led to an increase in incident reporting.
- We continued to invest in our staff, with over 13,000 online training modules and face to face training programmes completed by over 5,000 people.
- Our Global Education Programme continues to be implemented across the world with over 100 employees delivered modules to over 3,000 students.
- During our fourth annual Global Volunteer Week, 1309 employees across six continents devoted 5028 hours to working with community organisations, including local schools, clubs, charities and community initiatives.

1 Twenty Foot Equivalent Units

dpworld.com

COMPANY OVERVIEW

How we deliver our business

Trade keeps the world moving night and day, developing global economies and growing prosperity for billions. DP World makes trade happen – with a range of businesses adding value at key stages in the supply chain, and helping to move cargo to thousands of destinations around the world.

FACILITIES

We do it through marine and inland terminals, industrial and economic zones, logistics solutions and maritime services that complement each other and add value for our customers. We achieve it through using the latest digital technologies and continually innovating to enable change, challenging the status quo in everything we do.

EMPLOYEES

Our family of more than 38,000 employees make it happen, bringing their experience and expertise to position our business as a global leader. Our culture of innovation and ideas, from simple improvements to major changes that disrupt the way we do business, is embraced by all.

PARTNERS

And by building on our partnerships with all our stakeholders, we continue to pursue our vision – to lead the future of world trade.

PORTS AND TERMINALS

To meet the needs of dynamic global supply chains, DP World develops and operates trade-enabling, strategically located, and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals.

Visit our website for more information:
dpworld.com

"We continue to seek opportunities in complementary sectors in the global supply chain and will maintain capital expenditure discipline by bringing on capacity in line with demand"

SULTAN AHMED BIN SULAYEM
GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PARKS, LOGISTICS AND ECONOMIC ZONES

To provide end-to-end customer experience, we deliver integrated solutions across the containerised value chain, including industrial parks, economic zones, and logistics services.

Visit our website for more information:
dpworld.com

MARITIME SERVICES

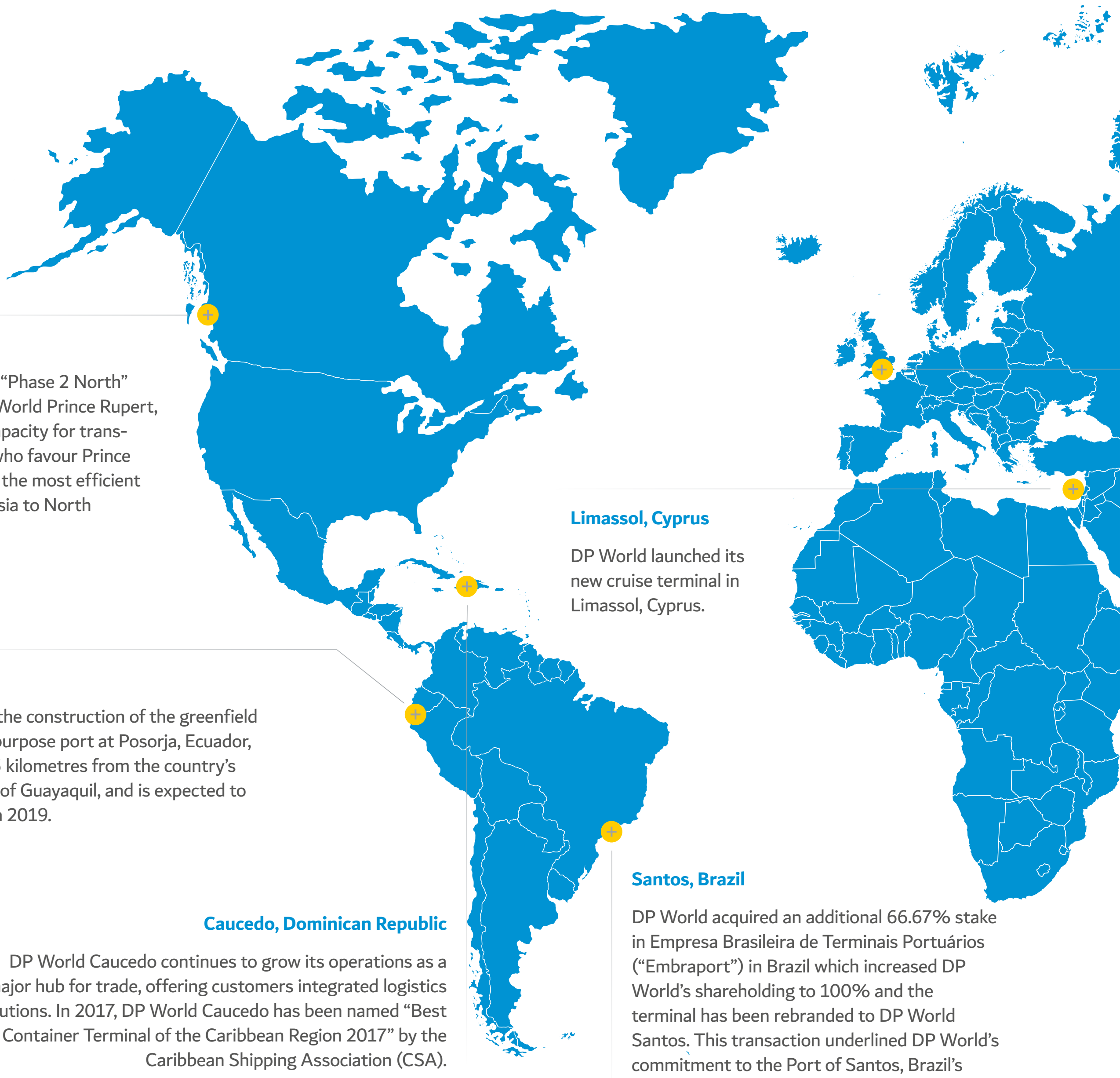
To complement our global trade services, we provide maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services. To leverage our experience, we are developing world-class marinas to create a lifestyle destination for yachting enthusiasts.

Visit our website for more information:
dpworld.com

GLOBAL FOOTPRINT

A world of innovation

2017 culminated in a record number of ideas with almost 2,000 put forward. Terminal workers in South America, the Indian Subcontinent and Africa, together proposed 500 ideas from which the best were selected and provided with initial funding to be developed. Approximately 20 of these could potentially be rolled out worldwide, as a product.



Prince Rupert , Canada

DP World completed the "Phase 2 North" expansion project at DP World Prince Rupert, adding 0.5 million TEU capacity for trans-pacific trade customers who favour Prince Rupert for its position as the most efficient and fastest route from Asia to North American markets.

Limassol, Cyprus

DP World launched its new cruise terminal in Limassol, Cyprus.

Posorja, Ecuador

DP World started the construction of the greenfield deep water multi-purpose port at Posorja, Ecuador, which is located 65 kilometres from the country's main business city of Guayaquil, and is expected to begin operations in 2019.

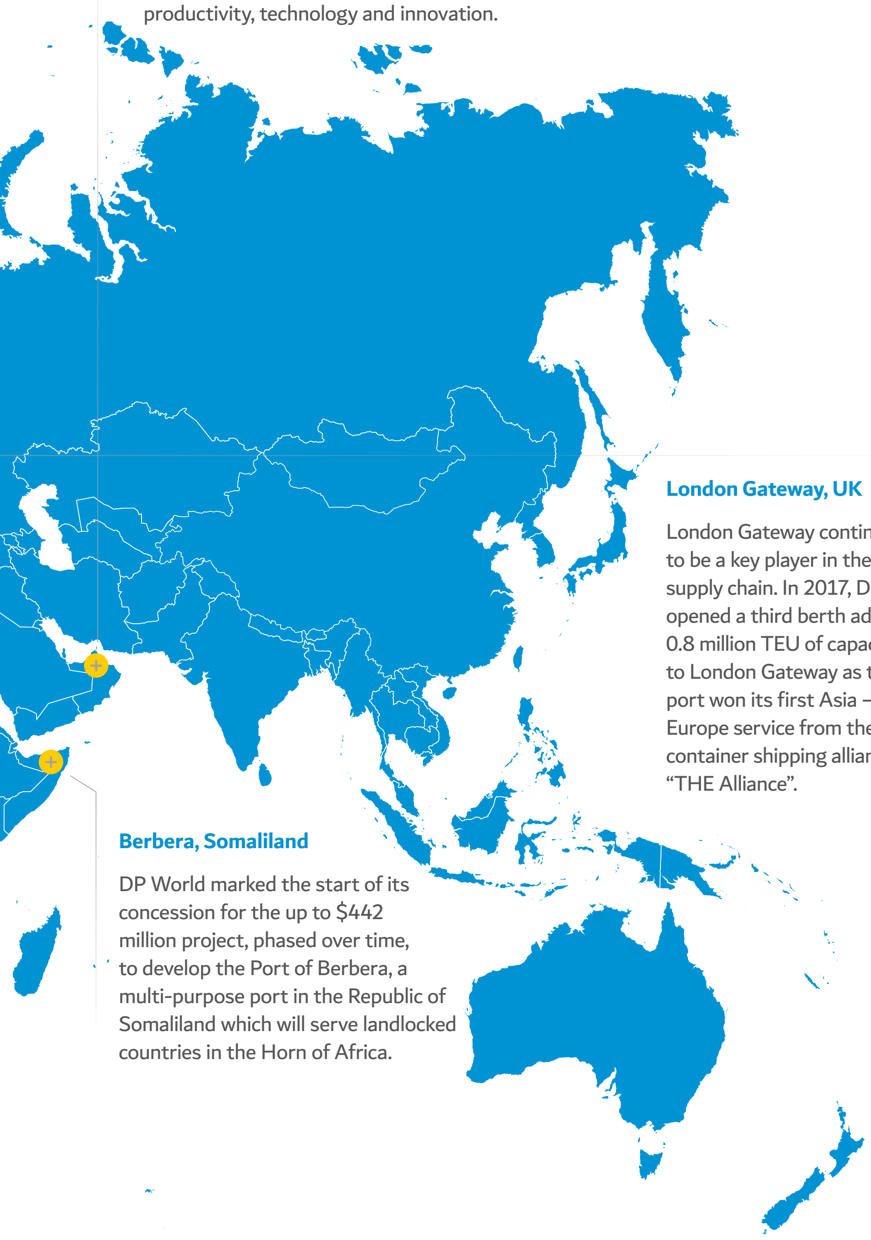
Santos, Brazil

DP World acquired an additional 66.67% stake in Empresa Brasileira de Terminais Portuários ("Embraport") in Brazil which increased DP World's shareholding to 100% and the terminal has been rebranded to DP World Santos. This transaction underlined DP World's commitment to the Port of Santos, Brazil's largest container port.

Caucedo, Dominican Republic

DP World Caucedo continues to grow its operations as a major hub for trade, offering customers integrated logistics solutions. In 2017, DP World Caucedo has been named "Best Container Terminal of the Caribbean Region 2017" by the Caribbean Shipping Association (CSA).

COMPANY OVERVIEW
STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENT



Jebel Ali, UAE

DP World made further investments into the infrastructure, equipment and technology at its flagship facility and added 1.5 million TEU of new capacity to Jebel Ali Port, which continues to position itself as a gateway to the region and sets the standard for productivity, technology and innovation.

London Gateway, UK

London Gateway continues to be a key player in the UK supply chain. In 2017, DP World opened a third berth adding 0.8 million TEU of capacity to London Gateway as the port won its first Asia – Europe service from the global container shipping alliance "THE Alliance".

Berbera, Somaliland

DP World marked the start of its concession for the up to $442 million project, phased over time, to develop the Port of Berbera, a multi-purpose port in the Republic of Somaliland which will serve landlocked countries in the Horn of Africa.

MIDDLE EAST, EUROPE AND AFRICA

COUNTRIES	TERMINALS
19	38

ASIA PACIFIC AND INDIAN SUBCONTINENT

COUNTRIES	TERMINALS
11	26

AUSTRALIA AND AMERICAS

COUNTRIES	TERMINALS
12	14

GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Delivering an Innovation Culture

With our shared vision, we have repositioned our business and aligned our organisation structure.

DELIVERING

SULTAN AHMED BIN SULAYEM
GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Progress comes in many forms and I am pleased to say that 2017 showed just how diverse and different it can be.

Strong progress in any walk of life is not possible without change, which in turn calls for innovation, sometimes disrupting the way we operate in order to move forward and grow.

So, our ambition to lead the industry for all our stakeholders, and add value wherever we are, was marked by efforts to transform – through new technologies and digitisation, by creating new businesses and extending our services beyond ports in our drive to make trade smarter, faster, safer and more rewarding.

Changes came thick and fast with our global footprint of 78 operating marine and inland terminals across 42 countries, with a significant presence in both emerging and mature markets, enhanced by a series of acquisitions in complementary sectors and consolidation of existing terminals.

On the financial side, we delivered another strong set of financial results. We repeated another key milestone by breaching the $1 billion earnings mark for the second year in succession. Our revenue grew 13.2% to $4,715 million, while our adjusted EBITDA increased by 9.1% to $2,469 delivering an adjusted EBITDA margin of 52.4%. Encouragingly, our volumes grew ahead of the market at 10.1% and we continued to deliver value for our shareholders with a return on capital ("ROCE") of 8.8%. These measures, coupled with our robust growth, saw our credit rating upgraded to BBB+ from BBB, a sign of confidence in our strategy and performance from Fitch Ratings, one of the world's leading credit rating agencies.

The recovery of global trade in 2017 outperformed previous expectations despite continuing challenges to the global macroeconomic environment, including persistently low commodity prices and geopolitical tensions. Trade has benefited from the weaker US dollar and stronger economic growth in the Eurozone, US, Japan and emerging Asia along with robust growth in China. Our portfolio has not only benefited from the improved trading environment but also market-share gains from the new shipping alliances, and continues to deliver ahead-of-market growth.

We are confident that the improved macroeconomic growth momentum will continue and the International Monetary Fund ("IMF") has recently revised the global growth forecasts for 2018 and 2019 upward. Any upswing in growth will positively affect global trade and DP World's global portfolio of ports. However, while the trade environment may appear more benign, geopolitical headwinds in some regions continue to pose a challenge. Nevertheless, we still expect to grow ahead of the market and see increased contributions from our new developments.

Progress through an Innovation Culture

Innovation is embedded in our culture, rooted in Dubai's history and our DNA. It manifests itself in our commitment to constantly challenge ourselves and rethink what we do, and the way we do it. That is why we launched an innovation department to drive innovation across the business, with a new platform to harvest ideas and bring them to life. The platform, innoGate, is a digital portal that provides all our people with a mechanism to share their thoughts, their dreams, and their ideas, so that they can collaborate and brainstorm together regardless of background, language, title, age or gender.

We have created an environment where any employee in the world can tap into an immense pool of expertise to help achieve their objectives, solve their challenges and share their success stories. It is a place where they can join a team of individuals in a different part of the world to build an idea together and, if successful, results in greater productivity and efficiencies for the business.

This initiative empowers our colleagues to advocate for innovation in every business unit across all of our regions, ensuring that all ideas are considered and that the right ones will be implemented. We have already received thousands of encouraging ideas and developed hundreds of success stories that capture every aspect of our business.

Our commitment to innovation is being realised through many projects. We joined the Board of Hyperloop One to support the progress of development of this new transport technology, which could change the way that goods are moved in the future.

Progress Through Strategic Acquisitions and Consolidation

Progress was achieved in other ways. In recent years we have invested in port-related businesses such as Jebel Ali Free Zone and inland terminals, which have diversified our business and improved the quality of our revenues. In 2017, we launched a broader strategy to grow complementary sectors in the global supply chain to add further value for all our stakeholders. By acquiring new assets such as Dubai Maritime City ("DMC") and Drydocks World ("Drydocks") in Dubai, UAE, we further accelerated our position as a leading maritime service provider and strengthened the Group's port-related businesses.

Going forward, we expect this trend to continue as we seek opportunities in complementary sectors and leverage on new technology and data to provide better solutions to our customers that will remove inefficiencies in trade and deliver stakeholder value.

Elsewhere, London Gateway provided further evidence that our diversified growth strategy is working. We won the renowned Asia-Europe service from one of the major shipping alliances and signed new customers to our 9.25 million square feet logistics park. We are the only operator to offer two deep-water ports in the UK and, combined with Europe's largest logistics facility, we are well positioned to be a key player in the UK supply chain.

In addition to investing in new assets, disciplined investment in existing facilities has also been one of our priorities in delivering ahead-of-market growth in 2017. We invested $1,090 million of capital expenditure across our portfolio in markets with strong demand and supply dynamics. Globally, we added approximately 3.6 million TEU of new gross capacity to take total capacity to 88 million TEU. By the end of 2018, we expect to take that to 90 million TEU and by 2020 aim to have over 100 million TEU of capacity available, subject to demand.

Our consolidated portfolio grew to 50 million TEU with the outright ownership of DP World Santos in Brazil and a majority stake in Pusan, South Korea. DP World Santos is the largest private multi-modal port terminal in Brazil with strategic connections via sea, road and rail transport links that enable 90% of the cargo to reach Brazil's most populous city, São Paulo.

ORGANISATION CULTURE TRANSFORMATION

Organisation Culture Transformation – Our People. Engagement with our employees and stakeholders to build better processes that will result in increased efficiencies, productivity, and quality. One example – through automation, artificial intelligence and robotics we are increasing human safety in an industry that features heavy machinery that can cause fatal accidents. Simple solutions are making that happen – from a wheel nut indicator that analyses any loss of torque on equipment that may cause failure, to tyre blast protection cages and screens that protect staff when replacing or re-filling tyres.

IDEAS

1,972

USERS

7,535

ENGAGEMENT

17,496

SUCCESS STORIES

139

GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Delivering an Innovation Culture continued

Meanwhile, we added 1.5 million TEU of new capacity in Jebel Ali (UAE), 0.8 million TEU in London Gateway (UK) and 0.5 million TEU in Prince Rupert (Canada). Operations also began at Berbera in Somaliland and we started the greenfield construction of the first deep-water multi-purpose port at Posorja, Ecuador. In 2018, we plan to add further capacity in various locations including UAE, Pusan (South Korea), and Maputo (Mozambique).

Progress through partnerships

We believe in the significant medium to long-term growth potential of the ports and terminals sector as well as complementary businesses, many of which we worked to nurture through partnerships. To capitalise on this growth potential, we forged strategic bonds during the year, through our agreement with the Indian National Investment and Infrastructure Fund ("NIIF"), to develop the ports, transportation and logistics sector in India, which can deploy up to $3 billion in the next few years. These investments will also target opportunities beyond sea ports such as river transportation, freight corridors, cold-chain storage and port-led special economic zones and inland terminals.

A major highlight was our agreement to develop an integrated industrial and residential zone at Sokhna in Egypt with the Suez Canal Authority. Over time, it will cover 95 square kilometres, with more than 400,000 jobs to be created for future generations long term, with work to start in 2018. At the same time, our existing facility at DP World Sokhna will be developed, increasing its capacity and linking it to the industrial zone. The development of the zone will support the sustainable growth of the country, helping it to attract more business investment and transforming the Suez Canal into a major trading hub in the region.

In other parts of Africa, we are contributing to the development of economies through partnership. This includes in Senegal, via the blueprint for Port De Futur, a multi-purpose port with an economic and logistics zone adjacent to the new Blaise Diagne International airport. Work is scheduled to start in 2018 and we have also provided a master plan for the redevelopment of the old port of Dakar.

In Somaliland, we marked the start of our concession for the up to $442 million project phased over time to develop the Port of Berbera to serve landlocked countries in the Horn of Africa. The building of a new quay, yard extension and a free zone will help create jobs and a new regional trading hub.

In Mali, we have developed a master plan to unlock the resource-rich country's economic potential, with a transportation and logistics strategy featuring electronic customs processes. In Ghana, discussions are also ongoing on customs technology, port operations, free-zone development, rail transport and inland container depots to develop trade and support businesses aiming to reach international markets. In Algeria, we have met our government partners to discuss plans for the development of DP World Algiers, looking at ways to increase capacity and efficiency as the economy grows.

Sustainability

Our flagship sustainability programme, Our World, Our Future, also gathered momentum during the year. The programme has increased our impact and engagement across a variety of crucial social and environmental issues, from tackling the illegal wildlife trade to supporting local communities through employee volunteering aligned with the Sustainable Development Goals ("SDGs") of the United Nations ("UN").

We continue to play an active part in the United for Wildlife Transport taskforce which brings together 40 of the world's leading wildlife organisations to tackle the illegal wildlife trade. Training of employees to spot smuggling and engagement of young people is also part of our strategy.

Work with the UN continued when we joined the Logistics Emergency Teams ("LET") – composed of four organisations that provide pro-bono expertise and resources to support humanitarian groups in natural disasters. Our involvement with IMPACT 2030 has also reinforced the value and impact of employee volunteering, and our role chairing the Global Ports Group allows us to share best practice and leadership examples of sustainable business activities with our peers.

Our Global Education Programme also continues to be implemented across the world.

Over 10,000 students took part by the end of the year (since the start of the programme) and we are on track to meet our target of 34,000 participants by 2020.

People equal progress and these excellent achievements would not have been possible without the dedication and hard work of our talented employees. On behalf of the Board, I would like to thank each member of our global family for their commitment, contribution and continuous innovation and improvement – without which our success would not have been achievable. Their work has made 2017 another successful one in our evolution, success that is founded on our culture of innovation, and our founding principles.

Corporate Governance and Board

We continue to add value to our corporate performance and improve our strategic vision through the development and adoption of strong governance practices, which are an integral part of DP World's values, culture and business model. The Corporate Governance report can be found on page 46.

We are pleased that DP World has again been awarded first place in the S&P Hawkamah Pan Arab ESG Index in recognition of our robust corporate governance practices, which ranks the transparency and disclosure practices of regional listed companies based on environmental, social and corporate governance measures. This demonstrates our full commitment and continued efforts to maintain the highest standards of corporate governance practices.

Being at the centre of DP World's corporate governance framework, our Board possesses the correct balance of skills, knowledge and industry experience to lead DP World effectively, achieve our strategic objectives and long-term goals and drive sustained long-term value for our shareholders.

I have been proud to lead DP World and witness its growth and success as a leader in global trade since my appointment as Chairman in 2007, and look forward to another prosperous year as DP World continues on its path to achieving greater success and leading the future of world trade. I would like to thank our Board members for their continued support, dedication and commitment, I am confident that the skills and expertise of our Board will drive the long-term success of the Company, enabling DP World to expand its horizons further.

The full biographies of our Board members and information on the roles and responsibilities of our Board and Board Committees can be found in the Corporate Governance section commencing on page 46.

Dividend

The Board is recommending a final dividend of $340.3 million or 41.0 cents per share, an increase of 7.9%, reflecting sustainable step change in our earnings. Subject to shareholder approval, the dividend will be paid on 02 May 2018 to shareholders on the register at the close of business on 27 March 2018.

Leading the Future of World Trade

2018 has started on a promising note with current trading in line with expectations. However, macroeconomic and geopolitical uncertainties continue and will likely create headwinds in some regions.

It is also worth emphasising that 2017 was an exceptionally strong volume-growth year. We expect the growth rate to ease, nevertheless we are well positioned to continue to outperform the market, see increased contributions from our recent investments and deliver stakeholder value.

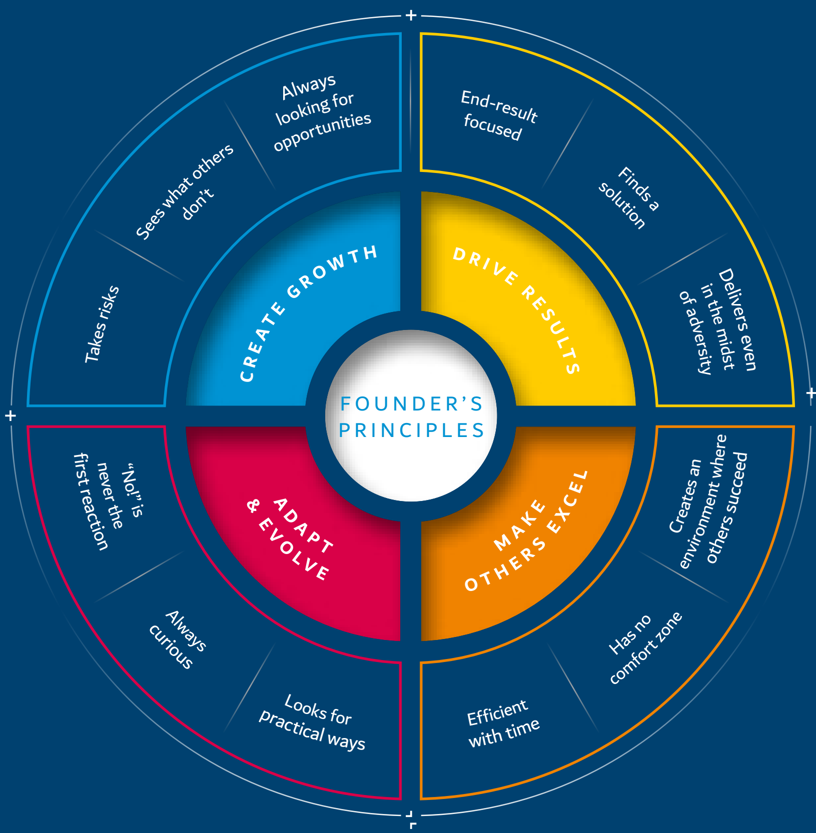
With innovation and constant transformation, we face exciting times ahead and we will continue to progress together with our employees, customers, partners and shareholders. The ongoing pursuit of progress means that the process of improvement is never ending. That is why we look forward to further disrupting our organisation and becoming even more productive and efficient, as we embark on the next stage of our journey – to lead the future of world trade

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer

22 March 2018

FOUNDER'S PRINCIPLES

As DP World continues to grow and we repeatedly announce results that outperform the industry, it is a good time to identify how we got here and what keeps us at the leading edge of world trade.



CREATE GROWTH

In the early 1980s I was Assistant Director of Customs at Jebel Ali Port. The newly completed port was losing money as ships chose the more established Mina Rashid. I began to research free zones and realised it would be the perfect solution to bring cargo to Jebel Ali. It was a risk, but JAFZA became a reality and the Jebel Ali Port & Free Zone is now a global success story.

DRIVE RESULTS

When DP World acquired P&O in 2006, a site on the River Thames was already earmarked for development into a new port. The project was vast, with many hurdles to overcome including funding, local infrastructure gaps and environmental concerns. Despite this, we delivered London Gateway, the UK's newest deep-sea port and adjacent logistics park which continues to attract new business and save our customers time and money.

ADAPT & EVOLVE

The world is changing and we recognise that we must change to remain relevant. That is why in recent years we have strengthened and diversified our business, growing the ports and terminals division while expanding our logistics and maritime services offerings. We are also investing in disruptive technology (such as Virgin Hyperloop One) and embracing innovation to safeguard our future success.

MAKE OTHERS EXCEL

We create an environment where others succeed. We help people to improve, helping them to achieve more. This extends to our customers as well as our colleagues. By staying outside the comfort zone, learning and growth is part of everyday life at DP World. Part of helping people improve is valuing their time. It is our precious resource.

I am proud of the training and development offered to our people, encouraging everyone to fulfil their full potential.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S Q&A

A discussion with our Group Chairman and CEO

Q How would you describe DP World's performance in 2017?

A 2017 has been a year of progress characterised by a significant rebound in global trade, market-share gains from new shipping alliances and a broader strategy for our maritime services and port-related businesses. We have benefited from the ahead-of-market gross volume growth of 10.1% across our global portfolio and our revenue and EBITDA grew 13.2% and 9.1% respectively on a reported basis and 6.0% and 8.0% on a like-for-like basis. After our earnings surpassed the $1 billion mark for the first time in 2016, they grew further in 2017 to $1,209 million, up 7.3% on a reported basis and 15.1% on a like-for-like basis.

Q The year has witnessed a strong recovery in global trade. How has this affected your business and can we expect the trend to continue?

A The improved trading environment in 2017 boosted our volumes and delivered robust performance across all geographic regions in which we operate. Trade has benefited from the weaker US dollar and stronger economic growth in the Eurozone, US, Japan and emerging Asia, along with robust growth out of China. Our portfolio has not only benefited from the improved trading environment but also market-share gains from the new shipping alliances, and delivered ahead-of-market growth.

2018 has started on a strong note and we have witnessed strong investment, industrial production, improved business and consumer confidence, and we are confident that the growth momentum will continue. Any upswing in growth will positively affect global trade and DP World's global portfolio of ports. However, while the trade environment may appear more benign, geopolitical headwinds in some regions continue to pose a challenge. Nevertheless, we still expect to grow ahead of the market and see increased contributions from our new developments.

Q What were the trends in cargo and throughput in 2017? What role have the new shipping alliances played?

A Our volumes outperformed the market, delivering 70.1 million twenty-foot equivalent units ("TEU") of gross volumes across our global portfolio in 2017, benefiting from the improved trading environment. In addition to focusing on faster-growing emerging markets and origin and destination cargo, in recent years we have also invested in deep-water capacity which helps us with the new shipping alliances as vessel sizes and port-capacity requirements continually increase. For example, in London Gateway we won the regular Asia-Europe service from one of the major alliances. Furthermore, our global portfolio has not only benefited from a recovery in global trade but also market-share gains from the new shipping alliances

Q You have been targeting a broader strategy to strengthen the Group's maritime services and port related businesses. Can you elaborate on the acquisitions of Dubai Maritime City and Drydocks World?

A As a global trade enabler, in recent years we have invested in various port-related businesses such as the Jebel Ali Free Zone and inland terminals. To further enhance our maritime services and port-related businesses, we announced our agreement to acquire Dubai Maritime City and Drydocks World in 2017. Dubai Maritime City is a world-class maritime service facility and industrial business zone in a prime location in central Dubai, and Drydocks is a market leader in the ship repair business with the world's largest ship repair yard. We expect to deliver both near-term synergies and new revenue opportunities over the long term with these acquisitions, and look forward to leveraging our proven track record to accelerate growth and deliver stakeholder value.

Q DP World has recently signed a joint-venture with the Indian National Investment and Infrastructure Fund (NIIF). Can you elaborate on this?

A We have been a part of India's growth story for two decades. To further strengthen our relationship, we have entered into a joint venture ("JV") with the Indian National Investment and Infrastructure Fund ("NIIF") to develop the ports, transportation and logistics sector in India. The JV will invest up to $3 billion to also target opportunities beyond sea ports such as river transportation, freight corridors, cold-chain storage and port-led special economic zones and inland terminals, with DP World holding a 65% share and the Indian government the remaining 35%.

In recent years, we have leveraged on our in-house expertise to extend our core business into port-related, maritime, transportation and logistics sectors with the objective of diversifying our revenue base and connecting directly with the owners of cargo and aggregators of demand to remove inefficiencies in trade, improve the quality of our earnings and drive returns. Going forward, we expect this trend to continue as we seek opportunities in complementary sectors in the global supply chain and also make use of new technology and data to provide better solutions to our customers.

Q DP World has recently launched an innovation department. What has been delivered so far?

A We constantly strive to provide our clients and stakeholders with new ways to make trade smarter, faster, safer and more profitable. Innovation is a key component in transforming and rethinking the way we do business. We have created an innovation department and launched a new platform – innoGate – giving all our 38,000 employees a mechanism to share their ideas, collaborate and brainstorm together regardless of language, job, age or gender. We have received thousands of encouraging ideas and developed hundreds of success stories that capture every aspect of our business.

Q What progress have you made in achieving your 2020 capacity target of 100 million TEU?

A Globally we added 3.6 million TEU of new gross capacity and 7.3 million TEU of consolidated capacity during 2017, which includes the consolidation of our ports in Pusan (South Korea) and Santos (Brazil). This takes our total gross and consolidated capacity to 88.2 million and 49.7 million TEU respectively. Our aim is to operate over 100 million TEU of gross capacity by 2020, subject to demand.

In 2017, we invested $1,090 million of capital expenditure and the major capacity expansions included 1.5 million TEU in Jebel Ali (UAE), 0.8 million TEU in London Gateway (UK) and 0.5 million TEU in Prince Rupert (Canada).

Q Where do you see new opportunities for DP World in 2018?

A As the industry continues to evolve, we need to constantly rethink the way in which we do business. We have recently invested in complementary sectors in the global supply chain, such as industrial parks, maritime sector and logistics hubs, which will strengthen our position in leading the future of world trade. Of course, we will continue to play a key role in our area of expertise – maritime container ports – but we see great potential in broadening our strategy.

Geographically, alongside the JV with the NIIF to develop the logistics sector in India, we also have a JV in Russia that continues to be a focus. Low containerisation in Africa and Latin America make these an interesting proposition, bringing an opportunity for further expansion to complement our existing operations. We have started to realise this further with our investments in Somaliland and Ecuador as well as the consolidation of DP World Santos in Brazil.

Q Sustainability has been an ongoing theme at DP World – how do you ensure that you stay up to date in your business practices?

A Through the Our World, Our Future programme, we are placing sustainability at the heart of everything we do. We are committed to investing in our people, protecting our environment, ensuring the highest safety standards and building a vibrant, secure and resilient society. We aim to be sustainability leaders, both in and outside our industry, and we continue to integrate sustainable best practice into every aspect of our business.

We have also ensured our sustainable business practices have progressed, joining the UN LET partnership to support humanitarian disaster relief; supporting the development of Hyperloop technologies that could revolutionise the movement of goods across continents and winning the coveted Dubai Quality Award, evidence of our ongoing commitment to excellence.

2017 FINANCIAL RESULTS

PROFIT
attributable to the owners of the Company:

$1.2 billion
up 7.3% from 2016

ADJUSTED EBITDA MARGIN

52.4%

REVENUE

$4.7 billion
up 13.2% from 2016

CAPITAL EXPENDITURE

$1.1 billion

GROSS VOLUMES

10.1%
Up ahead of the global container industry estimate of 6%[1], Gross throughout (TEU '000) 70,079

INVESTMENT PLATFORM

$3 billion

in partnership with NIIF[2] to develop the ports, transportation and logistics sector in India

1 Drewry Maritime full year 2017 global container market growth estimate
2 National Investment and Infrastructure Fund

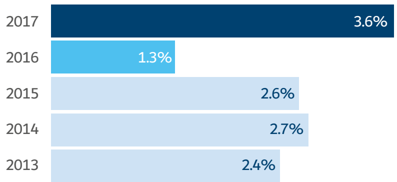
MARKET REVIEW

Leading the industry through innovation

2017 saw strong container volume growth – the highest level since 2011 – as global trade recovered.

Major global economic indicators continued at high levels, signalling that the ongoing global economic recovery remained intact. Emerging markets saw improvements on the back of more stable commodity prices. This drove more robust global demand, leading to merchandise trade volumes more than doubling from the previous year to an estimated 3.6%[1].

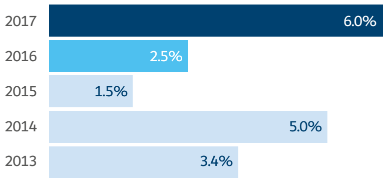
MERCHANDISE TRADE VOLUME



3.6%

Following on from a challenging year in 2016, initial container growth forecasts of between 2-3% at the beginning of 2017 gave way to rapidly increasing estimates, with full year 2017 growth of 6%[2]

WORLD PORT HANDLING GROWTH



6%

The positive demand development led to a more positive rate environment in the first half of the year and whilst freight rates saw a downward development in the latter part of the year, container carriers returned to profitability during 2017. A full recovery is still not certain, however, as liner operators will continue to add capacity on all trade lanes to absorb newly delivered vessels. In 2017, a total of almost 1.2 million TEU together with the reactivation of idle vessels contributed towards effective capacity growth of 10%.

During 2018, 1.5 million TEU of new capacity is expected to be delivered, most of it in the ultra large 13,300+ TEU segment, which may continue to put downward pressure on freight rates.

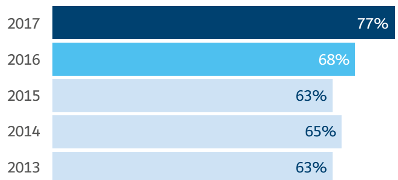
2017 Development
Liner consolidation and new alliance networks continued to reshape the industry.

Hapag Lloyd completed its merger with UASC, Maersk received approval from competition authorities for its Hamburg Süd acquisition – albeit with restrictions – and the recently enlarged COSCO is reporting to be finalising the purchase of OOCL.

This has been driving industry concentration to an all-time high. The top 10 carriers made up 77%[3] of vessel capacity at the end of the year, which will increase to 82% once COSCO absorbs OOCL and the three Japanese container lines start operations as a combined entity, ONE, in April 2018.

The restrictions set by a number of competition authorities in relation to the Maersk-Hamburg Süd acquisition could limit further large scale acquisitions but some of the remaining niche and mid-size players could become targets to be absorbed in the medium term, resulting in an industry dominated by less than 10 global carriers.

TOP 10 CARRIER MARKET SHARE EVOLUTIOIN



77.4%

1 Merchandise Trade Volumes: WTO, volume of World Merchandise trade, annual % change, 2017 projection.
2 World Port Handling Growth: Drewry estimated Port Handling % change
3 Market Share Evolution: Alphaliner estimated Top 30 Carrier ranking and Total Liner Capacity

The newly formed Ocean Alliance and THE Alliance started operations in April 2017, alongside already active 2M+HMM. These three alliances control more than 90% of the east-west trade lane capacity. Going from four to three alliance networks reduced service offerings and port calls, whilst increasing complexity. Fewer port calls with larger box exchanges have intensified the competition between operators.

Demand rebounds on all trade lanes.

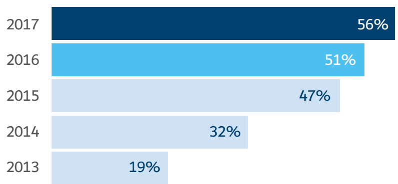
The strong demand recovery during the year was unexpected following tepid growth during the past two years. All regions saw improvements, with China, South Asia, North America and Central and South America benefiting the most.

Our diverse geographic portfolio was positively impacted by the strong demand development. This trend is set to continue in 2018 and we expect that our 70% exposure to origin and destination cargo and approximately 75% exposure to faster growing markets will enable us to continue to deliver enhanced shareholder value over the long term.

Vessel orders resume and hit a new size record – the Megamax 24.

The container fleet reached the 21 million TEU mark in November 2017 as 158 vessels amounting to almost 1.2 million TEU were delivered during the year, with the 13,300+ TEU category making up 56%[4] of delivered capacity.

13,300+ TEU VESSELS DELIVERY



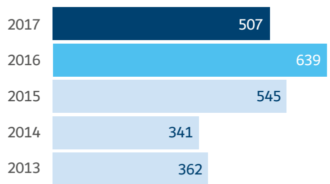
55.6%

CMA CGM and MSC returned to the shipyards in September 2017, ending a 21 month low in vessel order activity. The new units are record breaking at 22,000+ TEU and even coined a new classification term – Megamax 24. While more or less retaining the overall length of current ultra large units, the next generation of Megamax vessels will be one row wider, accommodating 24 container bays at a breadth of 24 deck rows, a height of 24 container tiers (twelve in holds and up to twelve on deck), and a nominal intake of more than 23,000 TEU.

Once delivered in 2019-2020, the vessels are expected to be deployed on the Far East-North Europe route, where our terminal facilities are capable of accommodating these behemoths.

Our continued operational excellence and capacity investments to handle these larger vessels and increased cargo exchanges ensures we are one of the leading port operators in the regions we serve. In 2017 we have invested $507 million in our flagship Jebel Ali facility to add further deep-water capabilities in a growing market.

INVESTMENT IN JEBEL ALI
(USD million)



$507 million

4 13,300+ TEU Vessel Delivery: Alphaliner estimated Delivery Breakdown by Size Range – Proportion of total fleet

A YEAR OF INNOVATION

How we transformed our business this year

Our Innovation Department delivered a cultural transformation making innovation accessible to our people. They are crucial to our success and with their range of expertise and experience have proposed pragmatic solutions to the challenges we face and foresee.

innoGate Launch

In January of 2017 DP World's Innovation platform "innoGate" was launched globally. This is where ideas are shared and developed across business units and colleagues collaborate regardless of language, background, location or role within the organisation.

Expo2020 Global Premier Partnership

DP World is a Premier Global Trade Partner for Expo 2020 and the Group Innovation team manages the relationship with this prestigious organisation. The partnership means that countries participating in Expo 2020 Dubai will be able to use ports in their home countries as well as Jebel Ali Port for their transport requirements as they prepare to take part in the Expo. This will take advantage of one of the most modern ports in the region, employing state-of-the- art equipment and the infrastructure required to accommodate the world's largest container vessels.

Global Innovation Conference

Our first ever Global Innovation Conference took place in March 2017 in Dubai. The event brought the Regional Innovation Champions together with the Global Innovation team to align our Regions and Business Units with the DP World Innovation Strategy, work together to find innovative solutions to our common challenges, strengthen our collaboration network and share success stories.

On this special occasion we had the privilege of having our Group Chairman and CEO Sultan Bin Sulayem, Keynote Speaker Guy Kawasaki and DP World Group Top Management joining us.

JANUARY + FEBRUARY + MARCH + APRIL + MAY + JUNE + JULY

innoReach Campaign

A global campaign is created, focusing on ideas from employees working in the field who don't have access to computers, preparing hackathons where they get to present their ideas and get feedback and funding for the implementation of promising ones.

The rollout of our Innovation platform provided our employees with a virtual space to connect, share ideas and to work on hundreds of innovative projects and initiatives together. We also use this platform to showcase and celebrate the successful implementation of solutions that enhance customer experience, impact productivity and safety, reduce costs, increase efficiency and minimise our environmental footprint.

Our Innovation Portfolio ranges from incremental innovation that impacts our day to day operations to major breakthroughs in technology and investments in infrastructure that have the potential to disrupt trade as we know it.

We have partnerships with Institutes, Universities, Incubators and Accelerators worldwide to ensure scalability of our Innovation projects and initiatives and to foster an ecosystem where we facilitate the introduction of new technologies into our organisation seamlessly.

2017 culminated in a record number of ideas with almost 2,000 put forward. Terminal workers in South America, the Indian Subcontinent and Africa, together proposed 500 ideas from which the best were selected and provided with initial funding to be developed. Approximately 20 of these could potentially be rolled out worldwide, as a product.

Machine Learning Vibration Sensors PoC

A proof of concept begins in Jebel Ali Terminal 2, where three cranes are equipped with sensors that transmit wireless data about potential defective conditions and severity in order to take proactive action and manage the risk of breakdowns.

innoReach Subcontinent

Group Innovation carried out two innoReach hackathons in SCO Region during September, having the opportunity to hear ideas from colleagues in NSICT and NSIGT (Mumbai) and DP World Cochin. Several opportunities to improve productivity and reduce costs were identified and selected for implementation.

\+ AUGUST + SEPTEMBER + OCTOBER + NOVEMBER + DECEMBER

innoReach Americas

Group Innovation carried out three innoReach hackathons in AMR Region during August, this time around getting the opportunity to hear ideas from our colleagues in Embraport (Brazil), DP World Callao (Peru) and TRP (Argentina). Champions evaluated and shortlisted the best out of hundreds that were received. Each innovator whose idea was shortlisted had the opportunity to present it directly to a panel which included the terminal top management as well as our Chief Innovation Officer and members of Global Innovation. Ideas about operations and engineering to improve productivity and efficiency and ideas to improve safety and sustainability of our sites.

innoReach Middle East and Africa

Group Innovation carried out two innoReach hackathons in MEA Region during October, this time around we had the opportunity to hear ideas from our colleagues in DP World Djazair (Algeria) and DP World Dakar (Senegal).

BUSINESS MODEL

How we lead the future of world trade

We foster a culture of collaboration, innovation and respect – vital ingredients that enable DP World to "lead the future of world trade".

WE LEAD OUR BUSINESS BY:

CUSTOMER RELATIONSHIP AND OPERATIONAL EXCELLENCE

Our customers are a central focus and to ensure they remain completely satisfied with our global portfolio, DP World continually strives to improve and enhance its services; this operational excellence provides industry-leading processes and systems to benefit all our customers.

PEOPLE, CULTURE AND SAFETY

The DP World Institute runs training and development programmes globally for employees and industry professionals across the supply chain. We have taken steps to further embed a culture that nourishes diversity and innovation and DP World is fully committed to zero harm to people and creating a safety culture throughout the Group.

COMMUNITY AND ENVIRONMENT

DP World has made a major long-term investment, through the "Our World, Our Future" programme, to drive best practice and foster innovation in sustainability around the world. We have commitments and action plans to protect our environment and take steps towards building a vibrant, secure and resilient society.

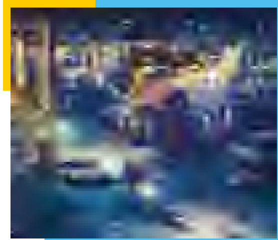
FINANCE, GOVERNANCE AND RISK

We adopt the highest standards of professionalism and ethical behaviour throughout the Group. As a global organisation, the corporate governance policies followed by DP World are compatible with international best practice. Our approach to understanding, measuring and managing risk and returns from our investments helps to maintain our status as an industry leader.

TECHNOLOGY AND INNOVATION

We invest in technology and innovation to provide our customers the best experience, build differentiated capabilities, and optimise our operations. We focus on applying cutting edge technologies that will transform performance such as big data and analytics, robotics, and artificial intelligence.

WE DELIVER OUR BUSINESS THROUGH OUR:



PORTS AND TERMINALS

PARKS, LOGISTICS AND ECONOMIC ZONES

MARITIME SERVICES

UNDERPINNED BY OUR PHILOSOPHY OF INNOVATION

- ABSORBING NEW THINKING
- EMBRACING CHANGE

WE LEAD OUR FUTURE BY:

EFFICIENCY GAINS TO REDUCE OUR CUSTOMERS COST

CUSTOMER SOLUTIONS TO IMPROVE PRODUCTIVITY

FLEXIBLE GROWTH IN CAPACITY IN LINE WITH MARKET DEMAND

TAKING ADVANTAGE OF INVESTMENT OPPORTUNITIES

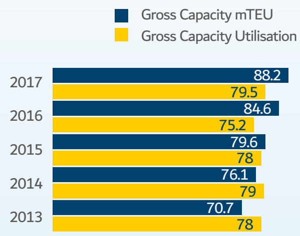
+ WELCOMING DISRUPTION

+ EXECUTING AND IMPLEMENTING

OUR WORLD, OUR FUTURE:

CUSTOMERS

GROSS CAPACITY MTEU/ GROSS CAPACITY UTILISATION %

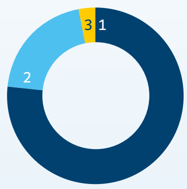


88.2

79.5%

EMPLOYEES

DP WORLD INSTITUTE TRAINING PROGRAMME PARTICIPANTS IN 2017

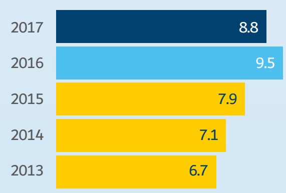


1. Middle East, Europe & Africa
   Leadership: 488, Operation: 271
2. Asia Pacfic & Indian Subcontient
   Leadership: 103, Operation: 72
3. Australia & Americas
   Leadership: 25, Operation: 10

TOTAL: 969

INVESTORS

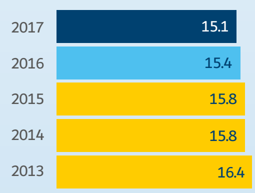
RETURN ON CAPITAL EMPLOYED ("ROCE") %



8.8%

SUSTAINABILITY

EMISSIONS INTENSITY KCO_2e/MODTEU



16%

reduction achieved against 2011 baseline

OUR STRATEGY

Delivering the Future

A year of change as our business embarked on a new journey – to create more business opportunities across the global supply chain, offering more, adding value.

THE FUTURE

OUR STRATEGIC OBJECTIVES

DRIVE PROFITABLE AND SUSTAINABLE GROWTH THROUGH A WORLD-CLASS PORTFOLIO OF ASSETS AND SERVICES

- Focus on origin and destination cargo.
- Grow our value-adding services encompassing marine and inland terminals and maritime services.
- Be known as a trusted brand that can be relied on by our customers globally.
- Leverage our global portfolio to bring about economies of scale on all fronts.
- Drive productivity, efficiency and safety improvements through continuous innovation.
- Recruit, retain and train the best employee talent globally.
- Enhance value through optimal acquisitions and divestments.
- Maintain a strong balance sheet with disciplined capital allocation to deliver the right capacity to meet customer requirements.

DEVELOP NEW REVENUE STREAMS THROUGH ACQUIRING NEW CUSTOMER SEGMENTS AND SERVICE PORTFOLIO

- Acquire new customers and cross-sell our portfolio of services.
- Forge strong partnerships with customers, governments and local communities.
- Expand our service portfolio around the port by providing services across industrial parks, economic zones, and logistics services.
- Target underserved growth markets.
- Balance operations in both growing and mature markets, diversifying geographical risks.

MAINTAIN STRATEGIC ADVANTAGE THROUGH INVESTING IN DIGITAL AND INNOVATIVE OPPORTUNITIES

- Invest in innovative ideas and businesses to maintain strategic advantage.
- Develop innovative businesses to generate new revenue streams.
- Harness cutting edge technologies to develop our enterprise and operations.

IMPLEMENTING OUR STRATEGY

CAPACITY

During this year, we continued to add significant capacity across our portfolio, creating new capacity in Jebel Ali (UAE), Prince Rupert (Canada), London Gateway (UK) and Berbera (Somaliland) amongst others.

PEOPLE

In 2017, we continued to invest in developing our valuable employees, and our DP World Institute delivered over 13,000 online modules and face-to face training sessions to over 5,000 people. We also continued our effort to ensure the safety of our people.

SUSTAINABILITY

2017 saw our global sustainability programme grow its impact and reach. We joined the World Food Program's Logistics Emergency Teams, helping the humanitarian community respond to major disasters, and in partnership with IMPACT 2030 helped educate school children on the SDGs through the World's Largest Lesson. We have also built on the successful launch of our Global Education Programme, delivering classes to over 3000 children in various countries in 2017.

BEYOND THE GATE

We embarked on our plan to develop a free zone next to DP World Berbera in Somaliland. We have also witnessed the first shipment of containers heading overland to China on the first ever UK to China export train which departed from our rail terminal in London Gateway – this was a landmark moment for DP World and for our involvement in the development of China's One Belt One Road initiative, the trade gateway linking east and west. We also completed the acquisition of Spanish Maritime services operator Remolques y Servicios Maritimos, S.L. ("Reyser"), and announced our agreement to acquire Drydocks World and Dubai Maritime City, further expanding our services across the supply chain.

PORTFOLIO

We completed the "Phase 2 North" expansion project at DP World Prince Rupert in Canada, adding 0.5 million TEU capacity. DP World Limassol in Cyprus launched a new cruise terminal, and work began on our new multi-purpose port project in Posorja, Ecuador.

We also acquired 100% ownership of Embraport in Brazil. in Somaliland, we marked the start of our concession for the project of up to $442 million (phased over time) to develop the Port of Berbera which serves landlocked countries in the Horn of Africa.

INNOVATION

In 2017, we continued to run innovation campaigns and initiatives to add value to our business, customers and partners. We have gathered 1000's of ideas that have led to the exploration, release and prototyping of 100's of unique and proprietary ideas to DP World. Going forward, our innovation campaign will include a co-creation approach with both our customers and partners.

TECHNOLOGY

In 2017, we developed a 2021 Global Technology Strategy to enable growth, connect our global businesses, increase collaboration, and operational efficiency. The strategy focuses on introducing new technology capabilities, modernising our systems, creating R&D centres of excellence, as well as harnessing Big Data to inform decision making and explore new areas.

PRODUCTIVITY

Productivity throughout our business operations remains a key responsibility for our employees. In 2017, we set a shared improvement target across the organisation covering P&L productivity, working capital efficiency, capital allocation, and operational efficiency. This will ensure that we deliver the best customer experience and maintain strategic advantage in the market.

KEY PERFORMANCE INDICATORS

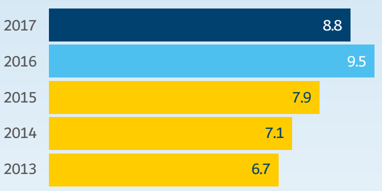
Measuring our progress

Benefitting from the improved trading environment and market share gains, our global portfolio once again delivered ahead-of-market growth in 2017 and has seen strong performance across all three regions.

FINANCIAL

DRIVING SUSTAINED LONG TERM SHAREHOLDER VALUE

RETURN ON CAPITAL EMPLOYED ("ROCE") %



8.8%

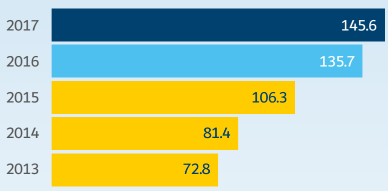
Definition

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

Comment

Return on capital employed (ROCE) is a key measure of how well our investment strategy is delivering value to shareholders and in 2017 our ROCE was at 8.8% from 9.5% in 2016. The year-on-year decline in ROCE is mostly explained by the timing of acquisitions which increased the asset base in the second half of the year. We expect our ROCE to continue to increase as our portfolio matures. Currently, the average life of our port concession stands at 36 years.

EARNINGS PER SHARE (excluding SDI) ("EPS" in US cents)



145.6

Definition

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

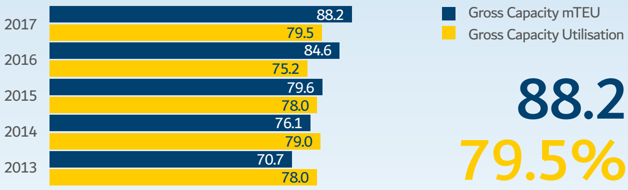
Comment

In 2017, our EPS grew by 7.3%. This was driven by strong volume growth across all three DP World regions and resulting revenue and EBITDA growth.

CUSTOMER

PROVIDING A SATISFIED AND PROFITABLE CUSTOMER EXPERIENCE

GROSS CAPACITY MTEU/GROSS CAPACITY UTILISATION %



88.2

79.5%

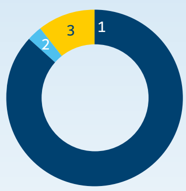
Definition

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

Comment

Gross capacity increased by 3.6 million TEU to 88.2 million TEU at the year end, reflecting our continued investment in additional capacity across the Group. Our utilisation remains high and above the industry average.

CAPITAL EXPENDITURE IN 2017



1. Existing Facilities	87%
2. New Facilities	3%
3. Maintenance	10%

TOTAL: $1,090m

Definition

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

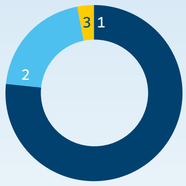
Comment

Capital Expenditure totalled $1,090 million during the year and was predominantly related to expansion of existing facilities and their maintenance.

PEOPLE

CREATING A LEARNING AND GROWTH ENVIRONMENT THAT ENCOURAGES INNOVATION

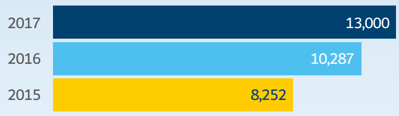
DP WORLD INSTITUTE TRAINING PROGRAMME PARTICIPANTS IN 2017



1. Middle East, Europe & Africa
   Leadership: 488, Operation: 271
2. Asia Pacific & Indian Subcontinent
   Leadership: 103, Operation: 72
3. Australia & Americas
   Leadership: 25, Operation: 10

TOTAL: **969**

DP WORLD INSTITUTE E-LEARNING MODULE COMPLETION IN 2017



TOTAL: **13,000**

Definition

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

Comment

The DP World Institute continued to deliver a wide range of operational and leadership training with high levels of engagement across the Group.

Definition

The number of modules completed on the DP World e-learning platform during 2017.

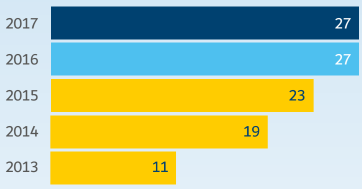
Comment

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

OPERATIONS

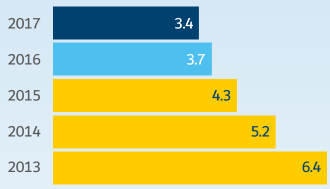
DELIVERING HIGH LEVELS OF PRODUCTIVITY, EFFICIENCY AND SAFETY

INCREASE IN GROSS BERTH MOVES ("GMPH") %



27%

LOST TIME INJURY FREQUENCY RATE ("LTIFR")



3.4

Definition

GMPH is the average number of containers moved over the quay wall from and to a vessel divided by the sum of hours in the period, for all quay cranes, between first and last lift. Deducting vessel and agency related delays, as well as force majeure related delays.

Comment

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

Definition

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

Comment

Ports and terminals are a dangerous environment and working safely is at the heart of our business and we will only be able to achieve this by increasing safety awareness in our workplace. In 2017, there has been increased safety awareness within our businesses, which has led to an increase in incident reporting. our lost time injury increased by 8% and lost time injury frequency rate reduced by 7% compared to last year. The downwards trend from 2013 in our LTIFR is evidence that our efforts to reduce harm are effective, but there are still improvements that can be made.

+ WE LEAD THE FUTURE BY:

Keeping abreast of the latest technologies and industry trends; identifying opportunities and taking advantage of market developments; and incorporating cutting-edge technologies into our equipment, ensuring consistent performance and efficiency to exceed customer productivity expectations.

+ VALUE CREATION:

- Solutions to improve productivity
- Asset efficiency

CRANE SENSORS

INNOVATION STORY

Technology:

CRANE SENSORS AND MACHINE LEARNING: JEBEL ALI, DUBAI

With our main goal to deliver consistently high productivity for our customers, DP World identified a way to make our cranes smarter.

We took advantage of the Industrial Internet of Things to equip them with sensors that monitor performance, paired with learning algorithms that detect anomalies. Cloud data transfer capabilities provide real-time condition information via a dashboard and mobile application that alert the technical department when action is required in order to prevent mechanical failure. The proof of concept, first seen in June 2017, has already proven its worth. Findings have provided valuable insight for equipment specifications going forward, supporting the business case for rollout across the terminal.

+ WE LEAD THE FUTURE BY:

Taking pride in the work we do and the way we work; always looking for ways to improve; and delivering high performance while adhering to safety rules at all times – our people are our greatest asset.

+ VALUE CREATION:

- Solutions to improve safety
- Maintaining performance levels

INNOVATION STORY

Safety Technology:

HUMAN DETECTION SENSORS: MULTIPLE SITES, DP WORLD GROUP

Every DP World employee knows that safety is sacrosanct. We follow rules and procedures at each and every site to ensure that not just our staff but everyone entering DP World is safe.

We made a decision to move beyond safety induction training for visitors and closed circuit television cameras because our business is ongoing twenty four hours a day, seven days a week. We work to eliminate potential for errors that compromise safety. Proximity sensors readily available in the market are not enough; we have incorporated systems that use advanced cameras and algorithms to identify when an object could be hit. These systems can account for inanimate objects (e.g. high-mast lights, camera towers, structures) but more importantly can identify people on the ground, so helping to prevent incidents. DP World has also developed automated reverse-braking systems with a range of proximity actions for specific equipment.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

Another successful year

2017 has been another successful year for DP World as Group revenue grew 13.2% to $4,715 million and our adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA") increased by 9.1% to $2,469 million resulting in an EBITDA margin of 52.4%, maintaining our medium-term target of margins at 50% and more.

SUCCESSFUL

2017 has been another successful year for DP World as Group revenue grew 13.2% to $4,715 million and our adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA") increased by 9.1% to $2,469 million resulting in an EBITDA margin of 52.4%, maintaining our medium-term target of margins at 50% and more. As a result, the profit attributable to the owners of the Company grew 7.3% to $1,209 million.

If we look at our results on a like-for-like basis, which excludes new developments and normalises for consolidation of businesses and currency effects, our revenues grew by 6.0%, driven by a 6.9% improvement in total containerised revenue as opposed to non-container revenue. Non-container revenue, which includes lease revenue, grew by 3.9% on a like-for-like basis in 2017 which is an improvement to the decline in 2016. Like-for-like adjusted EBITDA grew at 8.0% while adjusted EBITDA margin increased to 53.2% compared to 52.2% in 2016. Like-for-like profit attributable to owners of the Company increased at a higher rate than revenue and EBITDA of 15.1%, which directly translate into the basic earnings per share ("EPS").

We continue to make good progress on our revenue diversification strategy as containerised revenue now accounts for approximately 70% of Group revenues compared to approximately 80% in 2014. This is despite a 24% absolute growth in containerised revenue during this period and we expect this trend to continue as we estimate non-container revenue share to grow to approximately 40% of Group revenues by the end of 2018.

Middle East, Europe and Africa

In 2017, the market conditions in the Middle East, Europe and Africa ("EMEA") region improved as the container volumes at Jebel Ali port (UAE) continue to recover and our terminal at London Gateway (UK) won the prestigious Asia-Europe container line service from the THE Alliance, which is one of the three major shipping alliances formed since April 2017. Consolidated container throughput in the EMEA region grew by 7.6% year-on-year to 22.9 million TEU (twenty-foot equivalent units) driven by strong performance in Europe and recovery in UAE.

Overall, revenue in the region grew 6.9% to $3,284 million benefiting from container volume growth but also aided by the performance of Jebel Ali Free Zone as non-containerised revenue grew 7.1%. Adjusted EBITDA was $1,918 million, up 7.1% compared to 2016, benefiting from the improved trading environment in the UAE and the new services at London Gateway. On a like-for-like basis, revenue grew 4.8%, adjusted EBITDA increased by 6.3% and EBITDA margins rose to 59.2%.

In 2017, we invested $836 million of capital expenditure in the region, which was mainly focused on the capacity expansions at Jebel Ali port (UAE), Jebel Ali Free Zone (UAE) and London Gateway (UK).

Asia Pacific and Indian Subcontinent

Markets conditions in the Asia Pacific and Indian Subcontinent region were generally positive. Asia Pacific performance was relatively stronger with moderate growth In India due to our high levels of utilisation at key locations. Container volume growth of 102.1% was boosted by the consolidation of Pusan (South Korea), therefore the like-for-like growth of 2.4% is a better reflection of the performance in the region.

Middle East, Europe and Africa

Results before separately disclosed items	2017	2016	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**22,889**	21,279	7.6%	6.7%
Revenue	**3,284**	3,071	6.9%	4.8%
Share of profit from equity-accounted investees	**21**	18	18.6%	72.6%
Adjusted EBITDA	**1,918**	1,791	7.1%	6.3%
Adjusted EBITDA margin	**58.4%**	58.3%	–	59.2%[1]

1 Like-for-like adjusted EBITDA margin.

Asia Pacific and Indian Subcontinent

Results before separately disclosed items	2017	2016	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**10,020**	4,957	102.1%	2.4%
Revenue	**668**	433	54.2%	6.1%
Share of profit from equity-accounted investees	**117**	125	(6.3%)	13.0%
Adjusted EBITDA	**435**	317	37.4%	11.7%
Adjusted EBITDA margin	**65.1%**	73.0%	–	65.7%[2]

2 Like-for-like adjusted EBITDA margin.

Similarly, revenue growth of 54.2% to $668 million was boosted by the consolidation of Pusan, therefore, like-for-like revenue growth of 6.1% is a better reflection of the financial performance, which was ahead of volume growth as non-containerised revenue grew at 8.0% and the price for lifting a container (stevedoring revenue per TEU) also grew 4.6% on a like-for-like basis. Our share of profit from equity-accounted investees (joint ventures) dropped 6.3% from $125 million in 2016 to $117 million in 2017 because Pusan was consolidated and no longer included. However, on a like-for-like basis JV profit grew 13.0% due to the strong performance of our joint ventures in Asia Pacific.

On a like-for-like basis, adjusted EBITDA grew 11.7% while the adjusted EBITDA margin stood at 65.7%. Capital expenditure in this region during the year was $88 million, which was invested in capacity expansions at Pusan (South Korea), Mumbai (India), Mundra (India) and Karachi (Pakistan).

Australia and Americas

Market conditions in the Australia and Americas region also improved and volumes grew by 18.8%, benefiting from stronger volumes in the Americas. Strong volume growth prompted 15.6% revenue growth but adjusted EBITDA dropped slightly from $293 million in 2016 to $292 million in 2017 due to less favourable foreign exchange movements in Brazil[4]. This also impacted our profit from equity-accounted investees, which recorded a loss of $15 million compared to a gain of $6 million in 2016, however, on a like-for-like at constant currency basis, JV income was up by 39.7%.

Like-for-like revenue growth at constant currency was up 11.6% and like-for-like adjusted EBITDA improved by 7.9%, reflecting a good performance in the region. Furthermore, we invested $164 million of capital expenditure in the region, mainly in our terminal at Prince Rupert (Canada).

Cash Flow and Balance Sheet

In 2017, DP World generated $2,412 million in cash from operations while gross debt increased to $7,739 million compared to $7,618 million at the end of 2016. However, net debt was lower at $6,255 million compared to $6,319 million in 2016 as the cash on the balance sheet was higher in 2017 at $1,484 million due to the partial monetisation of our Canadian assets as part of the Caisse de dépôt et placement du Québec ("CDPQ") investment partnership.

Furthermore, our leverage (net debt to adjusted EBITDA) decreased to 2.5 times from 2.8 times at 31 December 2016. Overall, the balance sheet remains strong with robust and continuous cash generation and our partnerships with CDPQ, Russian Direct Investment Fund ("RDIF") and the National Investment and Infrastructure Fund (NIIF) of India, which gives us the flexibility to expand our portfolio should favourable assets become available at attractive prices. The continued strength and resilience of our business was also recognised by the credit rating agency Fitch in 2017 as they upgraded our Long-Term Issuer Default Rating ("IDR") to BBB+ from BBB with stable outlook following the upgrade in 2016 from BBB- to BBB.

Capital Expenditure

In 2017, our capital expenditure reached $1,090 million across the portfolio as we invested in new capacity in Jebel Ali port (UAE), Jebel Ali Free Zone (UAE), London Gateway (UK), Prince Rupert (Canada) and Berbera (Somaliland) amongst others. Maintenance capital expenditure stood at $113 million.

The capital expenditure in 2017 was below our guidance of $1,200 million as we maintain our disciplined approach to deploying capital. We expect 2018 capital expenditure to be up to $1,400 million and we look forward to adding further capacity in UAE, Pusan (South Korea), and Maputo (Mozambique).

Yuvraj Narayan
Group Chief Financial Officer

22 March 2018

Australia and Americas

Reported results before separately disclosed items	2017	2016	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	3,567	3,003	18.8%	14.9%
Revenue	762	659	15.6%	11.6%
Share of profit from equity-accounted investees	(15)	6	(332.1%)	39.7%
Adjusted EBITDA	292	293	(0.5%)	7.9%
Adjusted EBITDA margin	38.2%	44.5%	–	39.8%[3]

3 Like-for-like adjusted EBITDA margin.
4 DP World Santos (Brazil) was reported as a JV up until November 2017.

RISK MANAGEMENT

Effective Risk Management

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

Our Board recognises that effective risk management is critical to enable us to meet our strategic objectives. The Board establishes the control environment, sets the risk appetite, approves the policies, and delegates responsibilities under our Enterprise Risk Management Framework ("ERM"). The Audit Committee, under delegation from the Board, monitors the nature and extent of risk exposure for our principal risks. Details of the activities of the Audit Committee are in the Corporate Governance section of this report commencing on page 46.

Our Risk Management Approach

Our ERM facilitates a consistent, Group-wide approach to the identification, assessment and prioritisation of risks, including the way in which they are managed, monitored and reported as shown in the diagram opposite. The framework is designed to support the delivery of our vision and strategy as described on pages 18 and 19 of this report.

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

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

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

The Group ERM Committee, involving senior executives from across the Group, meets regularly and provides a greater degree of oversight on the principal and emerging risks that may impact our Group.

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

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

RISK IDENTIFICATION

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

RISK ASSESSMENT AND PRIORITISATION

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

RISK MITIGATION STRATEGY

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

REPORTING & MONITORING

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

MANAGING OUR RISKS: OUR THREE LINES OF DEFENCE

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

DP WORLD BOARD/AUDIT COMMITTEE

GROUP CEO, COO, CFO

Oversight

+ FIRST LINE OF DEFENCE: RISK OWNERSHIP AND CONTROL

Business Unit and Regional Management procedures

Minimum Internal Controls Standards ("MICS") self-certification

+ SECOND LINE OF DEFENCE: RISK MONITORING AND COMPLIANCE

Group Finance

Global Operations – safety/security/asset management/operations

Company Secretariat

Legal Enterprise Risk Management

+ THIRD LINE OF DEFENCE: INDEPENDENT ASSURANCE

Group Internal Audit

Reporting

Reporting

First line of defence

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

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

Second line of defence

Corporate oversight mechanisms monitor our significant risks. Regional management and other corporate functions including Finance, Health Safety and Environment, Human Capital, IT, Company Secretariat, Legal, Tax, Insurance, Enterprise Risk Management and Treasury develop policies and procedures and undertake other activities to mitigate a wide range of risks including operational, financial, compliance and strategic risks. They provide support to the businesses across the Group, to ensure that objectives are met within risk tolerance levels, and hold regular updates with management.

Third line of defence

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

The Board and Audit Committee provide oversight and direction in accordance with their respective responsibilities. Further information is available in the Corporate Governance section of this report commencing on page 46.

RISK MANAGEMENT

Principal Risks

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

During 2017, we continued to monitor and review the principal risks relating to the Group's business performance that could materially affect our business, financial condition and reputation. While other risks exist outside those listed, we have made a conscious effort to disclose those of greatest importance to our business. A summary of our principal risks and how these could affect our strategic objectives is included below. The nature and management of these risks is further described on pages 31 to 35.

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

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

	RISK TREND		
Strategic priorities	INCREASING	STABLE	REDUCING
Drive profitable and sustainable growth through a world-class portfolio of assets and services	• Safety Risk • Industry Capacity and Competition	• Major Projects – Development and Planning • Labour unrest • Environmental • Compliance	• Employee Attraction and Retention
Develop new revenue streams through acquiring new customer segments and service portfolio	• Legal and Regulatory • Macroeconomic Instability • Geopolitical		• Financial Risks
Maintain strategic advantage through investing in digital and innovative opportunities	• IT Systems and Cyber Threat		

MACROECONOMIC INSTABILITY

RISK DESCRIPTION & IMPACT

Container handling correlates with GDP growth of the global economy. Market conditions in many of the geographies where we operate can be challenging due to macroeconomic or geopolitical issues, which can potentially impact our volume growth and profitability.

HOW WE MANAGE OUR RISK

- Our business remains focused on origin and destination cargo which is less susceptible to economic instability. Although our focus on faster-growing emerging markets may result in volume volatility in the short term, we believe that the medium to long-term prospects remain solid. We aim to deliver high levels of service to meet our customers' expectations and continue to proactively manage costs.
- We have a well-diversified global portfolio of investments across a number of jurisdictions, spreading our concentration risk due to an even geographical spread of our business activity. Increasingly, we are investing in port related assets that further diversify our risks.

FINANCIAL RISKS

RISK DESCRIPTION & IMPACT

Our Group operates in many geographies around the world. Within the scope of our normal business activities, we are exposed to financial risks that include liquidity needs, availability of capital to achieve our growth objectives, and foreign currency and exchange rate volatility.

The outlook for the banking and capital markets, particularly in the context of emerging markets, remains uncertain. This is in large part due to a differing, albeit somewhat coordinated, policy by the various Central Banks (including the Federal Reserve) on quantitative easing and the tapering thereof.

HOW WE MANAGE OUR RISK

- Our balance sheet remains strong with a net debt to adjusted EBITDA of 2.53 times in 2017 and the only major refinancing due in 2019.
- The Group has a committed revolver credit facility of $2 billion as of 31st December 2017.
- Our tariffs are predominantly US dollar based, providing us with a natural hedge against foreign exchange risk. Our internal policy is to mitigate all asset-liability mismatch risk where possible and hedge against interest rate risk.

INDUSTRY CAPACITY AND COMPETITION

RISK DESCRIPTION & IMPACT

The utilisation of our operations is influenced by any available capacity to handle container volumes. In some jurisdictions port authorities tender many projects simultaneously and create capacity beyond medium-term demand, which will lead to overcapacity in that market. An increase in capacity can lead to intensified competition between port operators, resulting in weak pricing power, loss of revenue and low return on investment.

Additionally, the Group's business operations may be subject to increasing competition as a result of existing or new market entrants through the introduction of new capacity, consolidation between port operators and vertical integration of international shipping lines. This could adversely affect the Group's financial condition and lead to downward pressure on tariffs.

HOW WE MANAGE OUR RISK

- Barriers to entry are typically high in the container terminal industry due to the capital-intensive nature of the business.
- Where possible, DP World also invests in free zone/logistics parks to support businesses and attract more companies wanting to explore the markets where DP World operates ports and terminals.
- We bring on capacity in line with demand, with a view to avoiding overcapacity.
- The Group's investment in deep-sea capacity allows us to handle ultra-large vessels and offers a competitive advantage.
- In many jurisdictions where there are ramp-up risks associated with new capacity, we are able to seek terms with the port authorities to restrict the granting of additional capacity until a reasonable level of ramp up has been achieved. This effectively balances demand with supply.
- We focus on high levels of customer service and develop sustainable, high-value and trusted customer relationships throughout our portfolio.
- We operate customer engagement projects to improve and extend supply chain relationships. Senior executive sponsors are in constant dialogue with our customers and we maintain a watching brief on all markets.
- DP World is also taking steps to initiate immediate contacts with cargo owners across its portfolio in order to orchestrate marketing efforts and attract cargo to its facilities.
- We remain focused on origin and destination cargo, which is less affected by competition than transhipment cargo.

RISK MANAGEMENT

Principal Risks continued

MAJOR PROJECTS – DEVELOPMENT AND PLANNING

RISK DESCRIPTION & IMPACT

Major projects contribute significantly to reshaping our portfolio and delivering on our strategy. We are involved in number of high-value, long-term projects that can take months or years to complete. Due to their nature these projects are exposed to geo-political events, forces of nature, unforeseen site conditions, technology development, equipment deliveries, and other external factors which can result in delays or cost overruns. Failure to deliver these major projects can expose the Group to the risk of reduced profitability and potential losses.

HOW WE MANAGE OUR RISK

- Our pre-qualification criteria and process continues to be enhanced, with comprehensive information being collected and managed to make sure our contractor's list is solid and companies are categorised according to their actual skills and recent performance on other contracts. Relationships with top-tier vendors are constantly developed and managed, securing top management commitment from contractors to our projects. Procurement processes in place ensure contracts are rigorously negotiated to mitigate any identified project risks. Project risks are constantly assessed, mitigated, managed and reported by the Project Management Department ("PMD") during the project planning and execution stage. This is supported by the deployment of online project management and reporting tools.
- Several levels of approval are in place for the large-scale contracts up to the level of our Board.
- In addition to the involvement of highly skilled project management individuals on each project, more attention is being placed on the planning stage of projects, to avoid and address eventual project liabilities, following PMD procedures and best practices in project management standards.
- Strategic equipment procurement and implementation controls are in place throughout the duration of projects and clear lines of responsibility are assigned to the project implementation team and the procurement performance team.
- Where multilateral or bank finance is a source of funding, the projects are required to meet internationally established project financing requirements. Where appropriate, financing packages are structured and covenants set to ensure sufficient headroom to accommodate non-material delays.

GEOPOLITICAL

RISK DESCRIPTION & IMPACT

The Group seeks new opportunities and operates across a large number of jurisdictions, resulting in exposure to a broad spectrum of economies, political and social frameworks. Political instability, changes to the regulatory environment or taxation, international sanctions, expropriation of property, civil strife and acts of war can disrupt the Group's operations, increase costs or negatively impact existing operations, service, revenues and volumes.

HOW WE MANAGE OUR RISK

- We have a well-diversified global portfolio of investments across a number of geographical jurisdictions that spread our risk. We also actively maintain a mix between investing in emerging markets and developed markets to balance our risk return profile.
- Our focus on the more resilient origin and destination cargo also lowers the risk of volatility.
- Our experienced business development team undertakes initial due diligence and we analyse current and emerging issues and maintain business continuity plans to respond to threats and safeguard our operations and assets.
- Authoritative and timely intervention is made at both national and international levels in response to legislative, fiscal and regulatory proposals that we feel are disproportionate and not in our interests. Ongoing security assessments and continuous monitoring of geopolitical developments along with engagement with local authorities and joint venture partners, ensures that we are well-positioned to respond to changes in political environments.

IT SYSTEMS AND CYBER THREAT

RISK DESCRIPTION & IMPACT

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

As we continue to embed greater digitisation into the DP World strategy, we continue to realise significant advantages with regard to customer experience, revenue, and cost. This will enable DP World to achieve growth targets in an evolving landscape.

However this, coupled with the increased use of social media and the evolving sophistication of cyber threats, leads to corporates becoming targets for malicious and unauthorised attempts to access their IT systems for information and intelligence. Our Group could be compromised by an incident that breaches our IT security. This could result in liabilities including claims, loss of revenue, litigation and harm to the Group's reputation.

HOW WE MANAGE OUR RISK

- We have developed IT strategies that are aligned with business objectives.
- Our Global IT framework is based on COBIT5, ISO 27001, TOGAF, PMI and ITIL.
- We regularly review, update and evaluate all software, applications, systems, infrastructure and security. This includes regular vulnerability assessment and penetration testing.
- All software and systems are upgraded or patched regularly to ensure that we have minimised our vulnerabilities.
- Each of our business units has an IT disaster recovery plan.
- Our security policies and infrastructure tools are updated or replaced regularly to keep pace with changing and growing threats.
- We have online training and awareness courses for our employees to ensure they remain aware regarding the proper use of our computer systems and cyber security.
- Our security infrastructure is updated regularly and employs multiple layers of defence. Connectivity to our partners' systems is controlled, monitored and logged.

SAFETY RISKS

RISK DESCRIPTION & IMPACT

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

HOW WE MANAGE OUR RISK

- Our Board of Directors is fully committed to creating a safety culture throughout the Group. We regularly monitor the implementation of our safety strategy at our terminals, which includes employee training, regular audits and management objectives in relation to the safety of our people.
- We continue to record and report on all safety impacts at business units to the Board and senior management. This includes collecting, analysing, reporting and monitoring data on a monthly basis in order to measure the safety performance of our business units.
- We investigate all incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.
- Terminal management is responsible for local terminal safety risks and is supported by safety guides, operational manuals and procedures and oversight from our local, regional and Global Safety teams, which coordinate consistent approaches to safety risks.
- A Vendor Code of Conduct has been established to ensure that contractors' selection criteria are aligned with our safety policies prior to commencing work on our terminals.

RISK MANAGEMENT

Principal Risks continued

ENVIRONMENTAL

RISK DESCRIPTION & IMPACT

There is a growing portfolio of legislation and government regulations aimed at tackling climate change, which could have consequences for our operations at national or regional level. New legislation and other evolving practices could impact our operations and increase the cost of compliance. A breach in any of these regulations can result in the Group facing regulatory action and legal liability, including considerable financial penalties, disruption to business, personal and corporate liability and damage to our reputation.

Similarly, any spillage or release of a harmful substance can have devastating consequences on the environment and numerous implications for our business. Major incidents related to oil or chemical releases can result in the Group being held liable for financial compensation, and/or clean-up costs and potentially result in our reputation being permanently damaged.

HOW WE MANAGE OUR RISK

- We have a dedicated team responsible for continually reviewing regulatory risks, which actively engages with policymakers and governments to assist in managing and mitigating any risks associated with regulatory changes.
- Operational terminals, executives, managers and technical leaders play an important role in developing strategies and actions to combat the adverse potential effects of climate change through planning, modification of infrastructure and retrofitting, etc.
- We continue to monitor and report our carbon emissions to the Board and senior management and globally to stakeholders.
- Further information on our environmental initiatives and performance is in the Sustainability section of this report commencing on page 36.
- We review the cargo and chemicals that we handle prior to their arrival in our operations and take appropriate action and care when handling dangerous materials to prevent incidents before they happen.
- We have developed targeted controls, guidance and training to prepare our terminals for response to any releases, large or small, should an incident occur.
- We investigate all environmental incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.

COMPLIANCE

RISK DESCRIPTION & IMPACT

DP World demonstrates high standards of business integrity and ensures compliance with a wide range of internal, local and international laws e.g. anti-corruption and bribery laws/ Modern Slavery Act. As our business spreads geographically, we are increasingly operating in countries identified as having a higher risk of exposure to these laws. We also have to ensure compliance with trade sanctions, and import and export controls. Failure by our employees or agents to comply with these regulations could result in substantial penalties, criminal prosecution and significant damage to our reputation. This could in turn impact our future revenue and cash flow. Allegations of corruption or bribery or violation of sanctions regulations could also lead to reputation and brand damage with investors, regulators and customers.

HOW WE MANAGE OUR RISK

- DP World has a Code of Ethics, Anti-Bribery policy, Modern Slavery policy in place, with a zero-tolerance approach to bribery and fraud and has developed both online training and fraud risk awareness workshops across the Group to raise awareness and promote compliance.
- We have an anti-fraud framework in place for preventing, detecting and responding to frauds to meet the stringent requirements of the UK Bribery Act. This is particularly focused on higher risk regions to ensure the Group's policies are understood and enforced.
- We have an externally administered whistleblowing hotline for reporting any concerns. These are investigated and reported to the Audit Committee on a quarterly basis.
- We provide new starters and existing employees with training on anti-bribery and corruption as part of the induction process.
- We have a Vendor Code of Conduct to ensure vendors comply with these laws and a gift and hospitality policy for all employees.

EMPLOYEE ATTRACTION AND RETENTION

RISK DESCRIPTION & IMPACT

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

HOW WE MANAGE OUR RISK

- Retention strategies are in place for identified scarce skills.
- We promote a safe working environment for our employees and operate a global health and wellbeing programme.
- We continuously monitor and benchmark our remuneration packages in order to attract and retain employees of a suitable calibre and skill set.
- The DP World Institute develops and delivers training programmes across all levels, focused on improving operational and managerial competencies.
- We partner with some of the most reputable learning institutions, such as London Business School and Harvard, for the development of our leaders.
- We have entered into agreements with the leading global recruitment and executive search firms to support us as and when needed and are currently enhancing our social media sourcing channels.
- Effective performance management remains a high priority and is regularly monitored across the Group.
- We have in place a succession planning strategy for critical roles in the business, which forms part of our talent management process.

LABOUR UNREST

RISK DESCRIPTION & IMPACT

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

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

HOW WE MANAGE OUR RISK

- We have an engagement strategy with unions and employees in those areas most affected by employee disputes. This includes multi-year agreements and clearly assigned responsibilities for maintaining close relationships with unions locally, nationally and internationally.
- We are proactive and timely in our responses to the needs of the unions. A senior management representative holds a Chairperson role on the European Works Council, which provides a forum to interact directly with union representatives on a timely and continuous basis.
- We continue to monitor operational downtime arising from local disputes.
- We conduct employee engagement surveys with a formal process for following up on employee concerns.
- We continue to develop a response capability to address and offset the impact of work stoppages as a result of labour disputes within the local regulatory and legal framework under which we operate.

LEGAL AND REGULATORY

RISK DESCRIPTION & IMPACT

Our Group is subject to detailed local, regional and global laws and regulations across different jurisdictions. These laws and regulations are becoming more complex and increasingly stringent and are subject to various legal and regulatory obligations. We are expanding geographically and therefore we are exposed to increasing numbers of laws and regulations when operating our businesses.

New legislation and other evolving practices could impact our operations and increase the cost of compliance. For example, the UK Bribery Act applies to all our operations worldwide. We need to constantly monitor compliance within our existing operations and business development opportunities. Another example is competition law and merger control rules, which are applicable in almost all jurisdictions. We must ensure that we operate in compliance with these rules. This is even more critical in our industry which has few players, few competitors and few customers. Regulators across the world exchange data and scrutinise companies on a global level.

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

HOW WE MANAGE OUR RISK

- The Group monitors changes to regulations across its portfolio to ensure that the effect of any changes is minimised and that compliance is continually managed.
- Comprehensive policies, procedures and training are in place to promote legal and regulatory compliance.
- Ongoing dialogue with our external lawyers to maintain knowledge of relevant legal developments in the markets where we operate.
- Ongoing dialogue with our regions to proactively be aware of changes in the way business / operations are conducted and be in a position to advise accordingly.

SUSTAINABILITY

Our world, our future – responsible business

Being a sustainable and responsible business is in our DNA – it is part of our ethos and a strategic priority for our future success.

OUR FOUR COMMITMENTS

- Responsible use of natural resources
- Preventing pollution
- Taking an industry leading position on environmental policy and practice

- Actively encouraging diversity and inclusion
- Developing talent and creating personal development opportunites for everyone
- Following through on our employees' feedback and achieving our commitments

- Meeting and exceeding best safety policy and practice
- Identifying and controlling health and safety risks
- Supplying, providing and maintaining safe equipment

- Strengthening our social impact
- Strategic community investment
- Strategically partnering with organisations on issues of importance to the industry

WHAT **HAVE** WE DONE SO FAR?

WHAT **ARE** WE DOING AT THE MOMENT?

WHAT **WILL** WE DO IN THE FUTURE?

See pages 37 to 45 for more detail

Being a sustainable and responsible business is in our DNA – it is part of our ethos and a strategic priority for our future success. We understand the ethical imperative to work towards a sustainable future for our employees, society and the next generation and we also recognise that this approach makes good business sense. Sustainability means protecting and supporting the environment so that we have the resources we need to allow us to remain in operation in 100 years. It means future-proofing our workforce, contributing to successful and resilient societies where we operate, and keeping our people safe.

In 2016 the United Nations announced the global Sustainable Development Goals ("SDG"s) – a clear call to action and universal pathway to ensuring a safe and sustainable future for everyone. This year we have deliberately aligned many of our sustainability programmes and business initiatives with the SDGs, knowing that as a global business we have a moral imperative to tackle world-critical issues.

At all times we focus our efforts across our four core commitments:

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

We deliberately set ambitious goals for 2017 and we are proud to have exceeded them, reflecting our desire to always do more and go further. In the last year we have built on and amplified our sustainability success, working across a wide range of projects designed to tackle the global SDGs, and recognising how we achieve more when working in partnership with other global organisations.

DP World's approach has been recognised as groundbreaking. In the June 2017 CSR Excellence Awards we were named "Sustainability Champion" in recognition of the wide-ranging initiatives and impacts generated by our flagship sustainability programme Our World, Our Future. Since launching in 2016, the programme has increased our impact and engagement across a variety of crucial social and environmental issues, from tackling the illegal wildlife trade to supporting local communities through employee volunteering aligned with the SDGs.

We are dedicated to being open and transparent in all that we achieve, and we continue to measure our progress against the aims we set out for our commitments. In 2017 we have once again disclosed our progress to the Dow Jones Sustainability Index and to CDP, and for the third consecutive year, the DP World CDP report received a "leadership" score of A-, placing it in the top 22% of the highest-scoring companies responding to CDP (additional information can be found under the Environment section on page 40).

Other 2017 highlights include:

- **Our investment in our new port at Berbera in Somaliland**, which supports SDG Goal 8: **Decent work and economic growth**

  Our investment in the natural deep-water Red Sea port at Berbera, of up to $442 million, includes new site renovations and the development of a free zone to create a new regional hub. This investment will attract more shipping lines to East Africa, and the modernisation of the port will help develop the region's economy. Our operations in Berbera also ensure important employment opportunities for Somalians. DP World employs over 700 permanent employees at the site, helping provide a steady and secure source of income for local people, families and dependents. We also ensure that we provide career opportunities and the skills to work in a modern industry.

- **Our continued commitment to the United for Wildlife Transport Taskforce**, which supports SDG Goal 15: **Life on land**

  DP World continues to play an active part in the Transport Taskforce, which is a collaboration bringing together 40 of the world's leading wildlife organisations and transport businesses with a common purpose: to create a global movement to tackle the illegal wildlife trade. We train our employees on how to spot the signs of smuggling wildlife, provide a confidential whistle-blowing service for people who want to report suspicious activity, and engage young people through one of our Global Education Programme modules about the illegal wildlife trade. To date we have reached over 5,500 students across 14 countries. By ensuring that tomorrow's leaders know how to detect and destroy this trade, we are empowering them to protect their own natural legacy.

- **Our stance on modern slavery**, which supports SDG Goal 16: **Peace, justice and strong institutions**

  We are dedicated to tackling modern slavery, and our modern slavery statement is publicly visible on our website. Slavery, servitude, forced labour and human trafficking is not tolerated in our operations or those of our suppliers globally, which is a responsibility we take seriously. We only partner with suppliers whose ethical principles align with our own, and we expect them to operate fair and ethical workplaces. We are educating our employees, in office spaces and at our ports, about the indicators of modern slavery and human trafficking, and we have a whistle-blowing service available to all DP World workers and third parties which can be used to report suspected violations of human rights. All reporters are protected from retaliation in any form.

- **Our work with other global organisations as part of influential collaborations to bring about positive social change**, which supports SDG Goal 17: **Partnerships for the Goals**

  Our collaborative projects have had enormous impact in 2017. In addition to playing an active role in the United for Wildlife Transport Taskforce (see above), DP World is part of the Logistics Emergency Team, composed of four logistics organisations, which provides pro-bono expertise and resources to support humanitarian organisations following natural disasters. Our involvement with IMPACT 2030 has aligned human resources with achieving the SDGs while promoting the value and impact of employee volunteering. Our role chairing the Global Ports Group allows us to share best practice and leadership examples of sustainable business activities with our peers.

SUSTAINABILITY

Building a vibrant, secure and resilient society

Being a sustainable and responsible business is in our DNA – it is part of our ethos and a strategic priority for our future success.

Educating the next generation about social and environmental responsibility

In 2017 we have consciously focused much of our sustainability work on how we can support the global Sustainable Development Goals ("SDG"s). As part of our involvement with IMPACT2030, we have helped educate school children on the SDGs to encourage and empower these young people to become actively involved in tackling these crucial aims. We partnered with Linklaters and PwC to pilot the World's Largest Lesson in three Dubai schools, introducing students to the SDGs in an accessible and stimulating way. Of the students involved in the pilot, 92% said they now care more about social and environmental issues. The World's Largest Lesson ultimately aims to deliver learning about the SDGs to every school on the planet.

Providing vital humanitarian support where we work

In our Berbera business unit in Somaliland we have been able to provide urgent aid in response to the devastating drought which has been affecting the region for several years. The drought has affected 46% of the population in Somaliland and been declared a national disaster. We delivered over 4.5 million litres of water to people in the Sahil region, distributed via 410 tanks and reaching approximately 15,000 people living in villages in the region. Our response is a reflection of our commitment to support the communities where we operate. Additional support from us in 2017 has helped increase water availability and improve healthcare in Berbera, where we will drill water wells and work with local hospitals to ensure access to better healthcare for the local population.

Supporting mental wellbeing and addressing taboo topics

More than half of the workforce at DP World Australia has attended mental health awareness sessions over recent years, with a coordinated focus from our business unit on educating employees about mental health and wellbeing. The sessions are designed to inform people about how to recognise the signs of mental ill health, and how best to support colleagues who might be suffering from depression and anxiety. In Australia men are at greatest risk of suicide but are the least likely to seek help. With a 93% male workforce, DP World Australia saw this as an important investment in its people.

OBJECTIVES	PROGRESS
Undertake impact studies to determine the true value of DP World's investment to communities, including environmental, fiscal and socio-economic contributions	We engaged EY to undertake a study on DP World's value impact on the economy and local society in Senegal in relation to our business unit at Dakar. The study showed significant value created comparing 2015 to 2010, with statistics including: an 89% increase in taxes paid to the Government of Senegal; 31,000 Senegalese nationals in the local community supported by DP World employment (employees and their families); a 10% growth in GDP contribution per year and zero fatalities since the beginning of DP World's concession. We are currently undertaking other value impact studies at our ports in India.
Train and develop our Sustainability Champions on impact measurements for global flagship projects	Thanks to the work of our local Sustainability Champions we are able to report on the impact results of our core flagship programmes in 2017. After being involved in our Global Education Programme, 84% of students said they had developed new skills and 93% of our employee volunteers reported increased job satisfaction. 2017's Global Volunteer Week supported 5907 beneficiaries through 56 community organisations, with 1,309 employees volunteers giving 5028 hours.
Join the United Nations IMPACT2030 as Collaborating Partner to mobilise our people globally to advance the Sustainable Development Goals through corporate volunteering	In March 2017 we joined the IMPACT2030 coalition and became Regional Voice Lead for UAE. We convened a Regional Voice Forum with other UAE members and initiated a capacity mapping project about corporate volunteering in the UAE. We were the first company to undertake this project and IMPACT2030 aims to replicate it in other countries and cities.
Team up with the Logistics Emergency Teams ("LET") to support the humanitarian community to respond to major disasters	After becoming part of the Logistics Emergency Teams in January 2017, we started working with the other LET members on a number of initiatives. In May we hosted the LET training in Dubai, where nominated Local Operational Leaders learned how to support the humanitarian community in emergency responses. In October 2017, we supported the Logistics Emergency Relief Training and Opex Bravo Exercise delivered by the Logistics Cluster and the Emergency Telecommunications Cluster in Germany, giving trainees full access to DP World's expertise at the Company's Stuttgart operations. Furthermore, as part of the LET, DP World supported the relief effort following the floods in Peru in March. We took operational lead, providing temporary storage space, materials and negotiating pro-bono services.

SUSTAINABILITY

Environment

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

Reducing the overall environmental footprint of the organisation is a key focus of DP World. We are committed to minimising our impact on the environment by aiming to better manage natural resources and emissions. We are proactive in reducing carbon emissions and making more efficient use of energy, and promoting renewable energy, alongside the responsible use of natural resources and waste management. We also take an industry-leading position on environmental policy and practice.

DP World Group – Carbon Emissions

DP World Group carbon dioxide equivalent emissions in tonnes by scope:

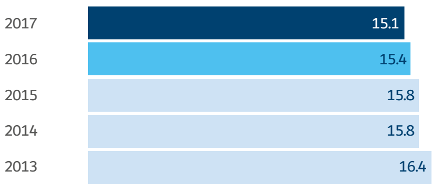
Emission Scope	2016	**2017**
Scope 1	437,710	**611,649**
Scope 2	456,805	**455,539**
Biodiesel	290	**260**
Total Emissions	894,804	**1,067,447**

DP World Group – Energy Consumption

DP World Group energy consumption in giga joules ("GJ") by division and source:

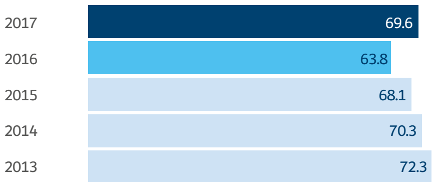
Energy Source	2016	**2017**
Diesel	6,174,822	**6,928,239**
Electricity	2,869,478	**3,162,839**
Total Energy	9,044,300	**10,091,078**

Emissions Intensity KCO_2e/ModTEU



Despite our continued company growth and correspondingly increasing energy use, our carbon intensity has steadily decreased every year since 2009. From 2013 to 2017, our carbon intensity per modified TEU has decreased by more than 8%.

Energy Use



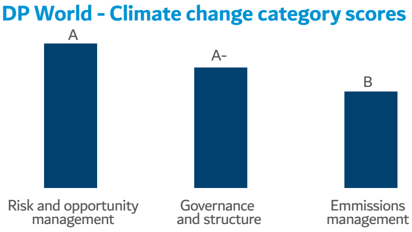
We constantly find ways to be more energy efficient and work towards our goal to reduce emissions in the global supply chain. In 2017, we again reduced our energy use, which we measure as mega joules of energy used per total business unit move (MJ Energy/TTM). Over the past five years, we have reduced our energy use by 4%.

Carbon Disclosure Project

DP World began its carbon journey in 2009 by calculating its annual carbon emission. In 2010, DP World was the first international marine and inland trade services provider to join the UK-based Carbon Disclosure Project ("CDP"), which holds the most comprehensive set of global corporate environmental data. Through its climate change programme, thousands of the world's largest companies disclose information on their greenhouse-gas emissions, energy use and climate change risks.

DP World has since been reporting action plans across our portfolio, monitoring energy use, making terminal operations more efficient, embracing renewable energy projects and investing in low-carbon technologies.

DP World - Climate change category scores



In 2017 and for the third consecutive year, the DP World CDP report received a "leadership" score of A-, placing it in the top 22% of the highest-scoring companies responding to CDP. The score highlighted DP World's role in implementing best practice in greenhouse gas emissions and improving environmental performance within the Ports and Services category.

2017 KEY ACTIONS/ACHIEVEMENTS

Reduce Carbon emissions and energy use

- DP World continues taking active steps to reduce its global carbon emissions. In doing so we reduce costs as well as reducing our impact on the environment. We have continued to make our services and systems as eco-friendly and efficient as possible through engineering technologies, operational efficiencies and employee awareness. Activities include: the improved measurement of fuels and electricity, optimising and improving efficiencies in terminal projects, retrofitting lighting with energy-efficient LEDs and investing in low-carbon fuels such as liquefied natural gas and compressed natural gas.
- In 2017, our focus on emissions reduction and continued efforts to cut our energy use allowed us to reduce our CO_2e intensity by 8% and reduce our energy intensity by 5% against a base year of 2013.

Promote Renewable Energy

- As part of our global commitment to work sustainably we have commissioned what is the largest distributed solar rooftop project in the Middle East. The DP World Solar Power Programme phases 1 and 2 include the installation of 154,000 solar panels on the roofs of DP World and JAFZA buildings, parking lots, warehouses and at Port Rashid.
- Phase 1 (22 MW peak capacity) is at an advanced stage of completion. Several facilities are already supplying power to the grid.
- Phase 2 (20-30 MW peak capacity) is in its final stage, with an intention to complete in 2019.

Responsible use of natural resources and waste management

- DP World participated in Go Green for the fourth year running, an annual event led by the world's leading container port operators. DP World encouraged its employees and local communities to become "Climate Mates". Each business unit chose a range of activities, including increasing the use of recycled paper, switching to paperless billing and transactions, planting trees and using glass instead of plastic bottles to reduce their negative impact on deforestation and carbon emissions. Other activities also included reusing waste materials from the port, food waste composting, cleaning terminal and surrounding areas, energy-saving drives, volunteering at local wildlife parks and supporting environmental education in local communities. Almost 3,000 employees committed 4,500 hours to environmental activities, collecting some 10,000 kilograms of waste, and planting over 4,000 trees.

SUSTAINABILITY

Safety

The industry in which we operate sees a great interaction between people and heavy equipment/loads, which exposes us to a range of health and safety hazards.

DP World Group – Safety Performance

	LTIs	RIs	LTIFR	RIFR
2016	383	643	3.7	6.3
2017	**422**	**700**	**3.2**	**5.3**

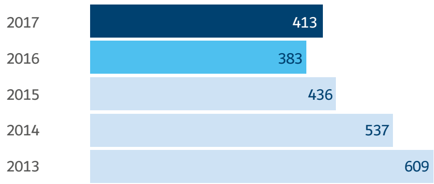
DP World is fully committed to achieving zero harm to people and a safety culture throughout the Group. In pursuit of this, we work to ensure that business activities under our operational control are conducted in a manner that promotes good health by eliminating and/or preventing injury and disease.

Keeping our people safe is the greatest responsibility we have. Despite our continued company growth and expansion in developing areas, we were able to achieve a reduction of 14% in lost time injury frequency rate compared to last year. However, tragically in 2017, we had five fatalities at our business units, including three in non-core businesses that were recently acquisitioned. This is unacceptable. We have strengthened safety elements within the process of on-boarding new businesses, alongside making continued improvement plans for them.

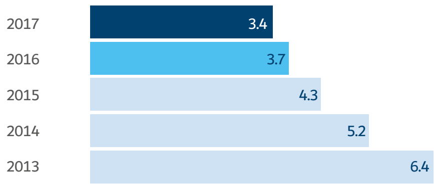
We are more committed than ever to ensuring that every single person entering our facilities – whether an employee or a visitor – returns home safely every day. We will continue our mission to find ways to prevent fatal accidents and keep our people safe. We record and report on all safety impacts for the full calendar year at business units in our Group where we have operational control. The 2017 Safety Performance for the Group shows a reduction in some indicators, while others showed an increase. This is due to increased safety awareness within some of our businesses, which has led to an increase in incident reporting. Another indicator is the increase or decrease of exposure hours, resulting in a fluctuation in the safety frequency rate.

Ports and Terminals Performance

Lost time injuries

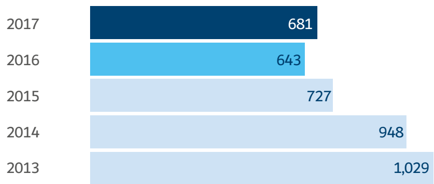


Lost time injury frequency rate

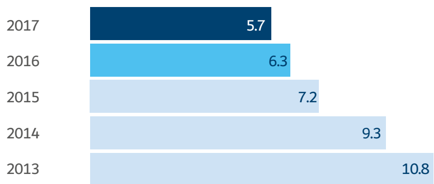


In 2017, our lost time injury increased by 8% and lost time injury frequency rate reduced by 7% compared to last year. The accumulated reduction for lost time injury and lost time injury frequency rate since 2013 is 32% and 46%.

Reportable injuries



Reported injury frequency rate



In 2017 our reported injuries increased due to increased safety awareness within some of our businesses, which has led to an increase in incident reporting. Our reportable injuries reduced by 34% compared to 2013, leading to a reportable injury frequency rate of 5.7 in 2017, compared with 10.8 in 2013.

Competency Programme

DP World has developed an industry-specific Health, Safety and Environment ("HSE") Competence Programme to enhance the competence and skill level of the current S&E practitioners and serve as a training tool for new recruits and other department functions across the DP World portfolio.

The programme originally consisted of a specific module introducing the broad skills applied in managing the investigation that is conducted after an incident. This enables attendees to guide the business to learn from incidents and develop measures to stop them from occurring again.

In 2017, further modules were released including risk management and emergency management. Both subjects are essential to enabling the business to identify, understand and control the health and safety risk within new and existing business and to know how to prepare if controls fail. The competency programme is designed so that approved internal trainers across DP World's business can deliver content with an industry flavour to those requiring the skill sets in subject matter. This programme is designed as an alternative pathway to core HSE competency and does not replace existing contemporary methods of attaining HSE skills which are available in the market.

2017 KEY ACTIONS/ACHIEVEMENTS

Group HSE Policy

- In 2017, we renewed the Group HSE Policy to reinforce our commitment to zero harm to people and the environment. The Global HSE Policy is based on a lifecycle approach to the management of HSE and is intended to clearly inform management, workers and interested parties of HSE priorities and that HSE is an integral part of our operations.
- The DP World HSE Policy is the primary document in the Global HSE Management System. The Policy is available across all operational entities and published on dpworld.com.

Increasing Awareness

- Working safely is at the heart of our business and we will only be able to achieve this by increasing safety awareness in our workplace. DP World has in place measures and controls to protect staff and visitors at our facilities. However, we know that individuals sometimes choose to bypass or ignore even the most basic safety measures.
- In 2017, DP World launched a new safety campaign named Risk Once, Regret Forever, aimed at pedestrian safety. Almost half of the fatalities at our terminals in the last decade involved people who were on foot and struck by vehicles or equipment. The campaign calls for every single employee to stop taking risks and to stop other people taking risks.

Reducing Risk

- At a global level, we set policies and guidelines to promote best practice. We carry out regular audits and spot-checks to ensure they are being applied in every one of our business units. This year more than 70 weeks were dedicated to auditing, training and providing direct technical support to our business units.
- In 2017, we continued to reduce risk through engagement programmes. Development of our risk control capabilities is ongoing, as our operational profile changes.

EXTENDING OUR SERVICE

Social investment in South Carolina

Investing in the communities around us is part of DP World's commitment to building a vibrant, secure and resilient society: our long-term success directly depends on the state of the wider world.

At our America Regional Office in Charlotte, North Carolina, we have formed relationships with two charities focused on improving social welfare. Investing in the communities around us is part of DP World's commitment to building a vibrant, secure and resilient society: our long-term success directly depends on the state of the wider world. At our America Regional Office in Charlotte, North Carolina, we have formed relationships with two charities focused on improving social welfare.

At DP World, we believe we have a responsibility to invest in the future: we need to provide young people today with opportunities to gain the knowledge and skills they will need to run the world of tomorrow. In 2017, we underlined our commitment to investing in opportunities for young people with a donation to Hands In 4 Youth ("HI4Y").

This fantastic non-profit organisation runs out-of-school activity programmes for young people from communities where opportunities are limited. Their mission is to inspire young people from diverse backgrounds to be fully engaged in school and life so they have opportunity and choice to pursue their dreams – an aspiration which fits closely with DP World's ethos. Through providing enriching experiences, HI4Y teaches young people how to set and pursue goals, live in the world, reflect on their experiences, and take progressive action – key life skills which have been proven to improve both academic performance and social development.

HI4Y runs residential summer camps and theme camps at HI4Y's private lakeside site, Norvin Green State Forest in New Jersey. Activities range from athletic events and adventure challenges to nature walks and creative writing. It also offers after-school

programmes, where children can get help with homework, explore different careers, take part in cultural or physical activities, or get involved in projects within their community.

DP World's support will enable HI4Y to offer even more opportunities to transform children's lives and build their futures, and we look forward to continuing to partner with them.

Another important partnership is with Second Harvest Food Bank of Metrolina ("SHFBM"), who we have been supporting since 2009. Based near DP World America's headquarters in Charlotte, SHFBM collects and distributes food and grocery items to people in need, via a network of over 700 partner organisations. These include food banks, soup kitchens, homeless shelters, low-income daycare centres and senior programmes.

It's vital work: in the 19 counties where SHFBM operates, nearly 20% of the population – over half a million people – live in poverty, including over 188,000 children and almost 40,000 seniors. Each year, SHFBM distributes around 25 million kilos of food and other household items. And requests for help have increased significantly over the last year.

DP World supports SHFBM in a variety of ways. We run quarterly volunteering events where our staff help out in their warehouse – sorting donated food and other products, or filling backpacks for children so they have food for the weekend.

We have also donated warehousing equipment, including forklift trucks, to help make SHFBM's distribution more efficient. And we've made a number of financial donations over the years. SHFBM calculates that every dollar they receive enables them to provide four meals. In 2017, our donations provided 180,000 meals, or enough to give 493 hungry people a meal every day for a year.

CORPORATE GOVERNANCE

Board of Directors

	SULTAN AHMED BIN SULAYEM GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER	YUVRAJ NARAYAN GROUP CHIEF FINANCIAL OFFICER
DATE OF APPOINTMENT	Appointed to the Board as Chairman on 30 May 2007. Appointed to the Board as Group Chairman and Chief Executive Officer on 8 February 2016.	Served as Group Chief Financial Officer since 2005 and appointed to the Board as an Executive Director on 9 August 2006.
SKILLS AND EXPERIENCE	With a career spanning three decades across a wide range of industries, Sultan Ahmed Bin Sulayem brings a wealth of leadership experience to the Boardroom. In his previous role as Chairman of Dubai World, he established and led diverse businesses; including Nakheel, a real estate and tourism property development firm; and Istithmar World, a major global private equity investment house. He oversaw the rapid development of the Jebel Ali Free Zone into an unrivalled business park of more than 7,000 companies and pioneered the Dubai Multi Commodities Centre. As Chairman of DP World, he has been at the forefront of the Company's international expansion, including the $6.85 billion acquisition of P&O Group. Mr. Bin Sulayem holds a BS in Economics from Temple University, United States.	Mr. Narayan has an extensive senior executive career with more than 23 years' of experience in the ports and international banking sectors. Prior to joining DP World he held executive positions with ANZ Group, as Head of Corporate and Project Finance for South Asia, and Salalah Port Services in Oman, as Chief Financial Officer. He has also served as Non-Executive Director of Istithmar World PJSC and IDFC Securities. As Group Chief Financial Officer of DP World he has been instrumental in ensuring the success of a number of initiatives including the Group's IPO in 2007. He is a qualified Chartered Accountant.
KEY EXTERNAL APPOINTMENTS	Board member of the Dubai Executive Council, the Dubai Economic Council, Non-Executive Director of Hyperloop One.	Non-Executive Director on HDFC International Life and Re Company Limited.
COMMITTEE MEMBERSHIP	Member of the Nominations and Governance Committee.	

DEEPAK PAREKH
SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

Appointed to the Board as a Senior Independent Non-Executive Director on 1 July 2015.

Mr. Parekh has an extensive and highly-commended executive career, including serving on the Boards of several Indian and international corporations. He has been a member of Indian Government-appointed advisory committees and task forces on matters ranging from infrastructure reform to capital markets and financial services. His contributions to business have been recognised on numerous occasions and he was the first international recipient of the Outstanding Achievement Award from the Institute of Chartered Accountants in England and Wales, in 2010.

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

Chair of the Remuneration Committee and member of the Audit Committee.

NADYA KAMALI
INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

Mrs Kamali has over 23 years' experience in information technology, IT governance, compliance and risk management. She has held senior executive positions at Dubai Aluminium Company and Dubai Customs. Mrs. Kamali holds an MBA from American University of Sharjah, a BS Degree in Computer Science from Michigan State University and is a Certified Fraud Examiner. She is also an Alumna of INSEAD Business School.

Chief Executive Officer of Customs World FZE.

Chair of the Audit Committee.

CORPORATE GOVERNANCE

Board of Directors continued

	ABDULLA GHOBASH INDEPENDENT NON-EXECUTIVE DIRECTOR	MOHAMED AL SUWAIDI INDEPENDENT NON-EXECUTIVE DIRECTOR
DATE OF APPOINTMENT	Appointed to the Board as an Independent Non-Executive Director on 28 April 2016.	Appointed to the Board as an Independent Non-Executive Director on 28 April 2016.
SKILLS AND EXPERIENCE	Mr. Ghobash has over 30 years' experience in the international finance and banking industry. He has served on various boards in the region, including Etisalat, Borse Dubai, Nasdaq Dubai and Emaar. He holds a bachelor's degree from UAE University, Executive Management Program from Wharton Business School and banking diploma from Citibank NA in Athens, Greece.	Mr Al Suwaidi has extensive experience working across a diverse range of industries, including agriculture, banking and construction. He holds a number of Executive and Non-Executive positions across the United Arab Emirates. Mr. Al Suwaidi holds a BSc in Business Administration from California Baptist University.
KEY EXTERNAL APPOINTMENTS	Board member of the Dubai International Financial Centre ("DIFC").	Director General of Abu Dhabi Fund for Development, Chairman of Al Ain Farms for Livestock Production, Vice Chairman of Arab Bank for Investment and Foreign Trade, Board member of First Abu Dhabi Bank, Raysut Cement (SAOG), UAE Red Crescent, Center of Food Security of Abu Dhabi, Al Jazira Sport & Cultural Club and Aghtia Group.
COMMITTEE MEMBERSHIP	Member of the Nominations and Governance Committee.	Chair of the Nominations and Governance Committee and member of the Remuneration Committee.

MARK RUSSELL
INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

Following an extensive career in corporate finance, including a Partner in the corporate finance departments of KPMG in London and Frankfurt and senior positions at PwC Corporate Finance, Robert Fleming, Lazard Brothers and A.T. Kearney, Mr Russell joined the Shareholder Executive of the UK Government. He was also formerly a Non-Executive Director of Eurostar International Limited.

Chief Executive of UK Government Investments, Non-Executive Director of London and Continental Railways Limited.

Member of the Audit Committee and member of the Remuneration Committee.

ROBERT WOODS
INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

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

Chairman of P&O Ferries and DP World Southampton.

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

CORPORATE GOVERNANCE

Report of the Directors

MOHAMMAD AL HASHIMY
GROUP COMPANY SECRETARY AND BOARD LEGAL ADVISOR

The Directors present their report and accounts for the year ended 31 December 2017.

The Corporate Governance section, commencing on page 46, and the Audit Committee Report, commencing on page 63, form part of this Directors' Report. Disclosures elsewhere in the Annual Report and Accounts are cross-referenced where appropriate. Taken together, they fulfil disclosure requirements as discussed in the Corporate Governance section, commencing on page 46.

The Strategic Report, commencing on page 6, describes the principal activities, operations, performance and financial position of DP World Limited (the "Company") and its subsidiaries (collectively, the "Group"). The results of the Group are set out in detail in the Consolidated Financial Statements and accompanying notes, commencing on page 72.

The principal subsidiaries, joint ventures and associates are listed on pages 107 to 109.

Directors

The Directors of the Company as at 31 December 2017 are detailed on pages 46 to 49. These pages contain their biographical details along with the details of their Board Committee memberships.

The Corporate Governance Report, which commences on page 46, includes details of the Board and Committee membership changes that occurred during the financial year ending 31 December 2017.

In accordance with the Company's Articles of Association, all Directors offer themselves annually for re-election at the Annual General Meeting ("AGM"). The Corporate Governance section of this report contains details of the Directors' remuneration and their interests in the Company's shares; this information can be found on page 70.

Financial Instruments

Details regarding the use of financial instruments and financial risk management are included in the Notes to Consolidated Financial Statements commencing on page 81.

Results

The Group's Consolidated Financial Statements for the year ending 31 December 2017 are shown on pages 76 to 80.

Dividend

The Directors recommend a final dividend in respect of the year ended 31 December 2017 of 41.0 US cents per share, up from 38.0 US cents in the prior year. Subject to approval by shareholders, the dividend will be paid on 02 May 2018 to shareholders on the Register at close of business on 27 March 2018.

Events after the Reporting Period

On 11 January 2018, the Group acquired Maritime World LLC, the 100% owner of Dubai Maritime City, for a purchase consideration of $180 million and 100% of Drydocks World LLC by means of a capital injection of $225 million from the ultimate parent company, Dubai World Corporation.

On 22 February 2018, the Government of Djibouti illegally seized control of the Doraleh Container Terminal S.A. The Group has commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation.

(see note 34 to the Consolidated Financial Statements)

Sustainability

The Group is committed to integrating responsible business practices in all aspects of our operations. Further information regarding our approach to sustainability is contained in the Sustainability section of this report commencing on page 36. This section of the report outlines our commitment to invest in our people, protect our environment, ensure the highest safety standards and build a vibrant, secure and resilient society.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board, and seeks to increase diversity at Board level which it sees as an essential element in maintaining the Company's competitive advantage. A Diversity Policy was developed for the Board, which recognises that a truly diverse board includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences are considered in determining the optimum composition of the Board. The Board considered its diversity as part of the annual evaluation of the performance and effectiveness of the Board and Board Committees.

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

Substantial Shareholdings

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

	Class	Shares	Percentage of class
Port & Free Zone World FZE	Ordinary	667,735,000	80.45%

Going Concern

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

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

Audit Information

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

Articles of Association

The Articles set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment and removal of Directors and the conduct of the Board and general meetings. Subject to DIFC Companies Law and the Articles, the Directors may exercise all the powers of the Company and may delegate authorities to Committees and day-to-day management and decision making to individual Executive Directors. Details of the main Board Committees can be found on pages 63 to 67.

Indemnity

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

Authority to Purchase Shares

At the Company's AGM on 27 April 2017, the Company was authorised to make market purchases of up to 29,050,000 ordinary shares (representing approximately 3.5% of the Company's issued shares). No such purchases were made during 2017. Shareholders will be asked to approve the renewal of a similar authority at the Company's AGM to be held on 26 April 2018.

Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office. A resolution to re-appoint them as auditors will be proposed at the AGM to be held on 26 April 2018.

Share Capital

As at 31 December 2017, the Company's issued share capital was $1,660,000,000 comprising 830,000,000 ordinary shares of $2.00 each.

Annual General Meeting

This year the Company will conduct a hybrid AGM giving shareholders the opportunity to attend the AGM in person or participate online using a smartphone, tablet or computer. We believe that this will improve accessibility to the AGM process and make it inclusive for all our shareholders and we are proud to be the first listed company in the UAE to offer online participation to our shareholders. The AGM shall be held on 26 April 2018 both online and at The Wheelhouse, Jebel Ali Port, Dubai, United Arab Emirates. Full details are set out in the Notice of AGM.

By order of the Board

Mohammad Al Hashimy
Group Company Secretary and Board Legal Advisor

22 March 2018

INTRODUCTION

CORPORATE GOVERNANCE

Chairman's introduction

Good governance and risk management are core to our business achieving its objectives. The DP World business model integrates best practice in these areas and is the blueprint to achieving our vision as a Group: to lead the future of world trade. The implementation of good governance practices adds value to our performance, improves our strategic thinking, and allows us to run our business more effectively and better monitor the risks we face.

The Corporate Governance Report has been structured to align with the principles set out in the Corporate Governance Best Practice Standards as detailed in the Dubai Financial Services Authority (the "DFSA") Markets Rules. It sets out the actions that we have taken in 2017 to implement these practices.

Leadership

A balanced Board with the necessary skills, knowledge and industry experience to lead our Group is key to achieving our strategic objectives and long-term goals. Details of the role of the Board, the Directors' responsibilities, the Board composition and activities during the year are given in the Corporate Governance section on pages 55 to 59. The membership and work of the principal Board Committees are included on pages 63 to 67.

The Board remains committed to effectively leading the Company, ensuring that our business is managed prudently and soundly to drive sustained long-term value for our shareholders. The balance of skills and expertise on our Board will allow us to continue creating value as we expand our horizons and lead the future of world trade.

Accountability

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

As the Board, we are ultimately responsible for determining the Group's risk appetite and its willingness to accept certain risks in pursuit of achieving the Group's strategic objectives. The Board is also responsible for maintaining appropriate risk management and internal control systems. During 2017, we continued to review the Group's principal risks that could have material effects on our business, financial condition and reputation. The principal risks and our approach to managing them are discussed on pages 30 to 35 of the Strategic Report and an outline of our internal controls and compliance procedures is contained on pages 60 to 61 in this Corporate Governance section.

We also report on the remuneration structures and their alignment of the long-term interests of the Group on pages 68 to 69 in the Remuneration Committee Report.

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

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer

22 March 2018

Overview

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

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

Board Committees Reports

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

See page 63 for the Audit Committee report

See page 66 for the Nominations and Governance Committee report

See page 67 for the Remuneration Committee report

LEADERSHIP

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

To read more about our Board's Leadership see page 54

ACCOUNTABILITY

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

To read more about our internal controls and compliance framework see page 60 to 61

To read more about our shareholder engagement, see page 62

POSITION AND PROSPECTS

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

See the Statement of Directors' Responsibilities on page 71

REMUNERATION

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

To read more see our Remuneration Committee report on page 67

CORPORATE GOVERNANCE

Leadership

The Company's Board of Directors ensures that the business of the Company and its subsidiaries (the "Group") is managed prudently and soundly. The Board's primary responsibility is to foster the long-term success of the Group.

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

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

The Board has delegated the following responsibilities to management:

- the development and recommendation of strategic plans for consideration by the Board that reflect the long-term objectives and priorities established by the Board;
- implementation of the Group's strategies and policies as determined by the Board;
- monitoring the operating and financial results against plans and budgets;
- monitoring the quality of the investment process against objectives, prioritising the allocation of capital and technical resources; and
- developing and implementing risk management systems, subject to the continued oversight of the Board and the Audit Committee as set out on page 60.

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

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

Details of the Directors of the Company are given on pages 46 to 49.

ROLES AND RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY

Group Chairman and Chief Executive Officer

The roles of Group Chairman and Chief Executive Officer are held by the same individual.

The Group Chairman and Chief Executive Officer is responsible for the leadership of the Board, in conjunction with the Senior Independent Director (the "SID"). As leader of the executive team, he is also responsible for the day-to-day management of the Group and the execution of its strategy as approved by the Board.

When acting as Chairman of the Board, the Group Chairman and Chief Executive Officer ensures, with the support of the Senior Independent Director and the Group Company Secretary and Board Legal Advisor that the agendas are forward-looking; that relevant business is brought to the Board for consideration in accordance with the schedule of matters reserved for the Board; and that each Director has the opportunity to consider the matters brought to the meeting and to contribute accordingly.

He is Chairman of the Executive Committee and is responsible for the day-to-day management of the Group and the execution of its strategy as set by the Board. He facilitates the flow of information to and from the Board and the management committees of the Group

Group Chief Financial Officer

The Group Chief Financial Officer is responsible for ensuring that objective financial, statutory and management information is provided to the Board and that the accounts and accounting principles of the Company are of the highest standards and integrity. Reporting responsibilities also include updating the Board on the progress made by the Company in achieving its financial objectives.

The Group Chief Financial Officer's operational responsibilities include working closely with the Company's auditors, financial advisers and banks to manage the financial planning and risks of the Company

Senior Independent Director

The SID is a Non-Executive Director appointed by the Board to provide support for the Chairman in leading the Board and serves as an intermediary for the other directors where this is required to help them challenge and contribute effectively.

In addition, the SID is required to work closely with the Chairman to ensure effective communication with shareholders and meet with the Independent Non-Executive Directors at least once a year to appraise the Chairman's performance.

Together with the Chairman, Deepak Parekh leads the Board on governance matters and the annual performance review of the Board and its Committees. The Board believes that the support of the Senior Independent Non–Executive Director ensures that robust governance is maintained and that appropriate challenge to the Executive Directors is in place

Independent Non-Executive Director

An Independent Non-Executive Director is a member of the Board who is not an employee of the Company or affiliated with it such that they bring to the Board qualities of independence and impartiality. They are often appointed due to their wide executive and industry experience, special knowledge and personal attributes that add value to the effectiveness of the Board.

In compliance with the Corporate Governance Best Practice Standards in the Nasdaq Dubai Rules, at least one third of the Board was comprised of Non-Executive Directors and more than the required minimum of two were considered by the Company to be independent. The independence of the Independent Non-Executive Directors is considered annually and the Board believes that they have retained their independent character and judgement. The Board considers that the varied and relevant experience of all the Independent Directors provides an exceptional balance of skills and knowledge which is of great benefit to the Group.

The Board increased the number of Independent Non-Executive Directors during 2016 and believes that the Group continues to benefit from the breadth of experience represented by its existing balance of Independent and Non-Independent Directors. The Company will continue to review the composition of the Board from time to time to ensure that an appropriate balance of Independent and Non-Independent Directors is maintained.

Group Company Secretary and Board Legal Advisor

The Group Company Secretary and Board Legal Advisor advises the Board, through the Group Chairman and Chief Executive Officer and Senior Independent Director, on all governance matters affecting the Company. He is responsible for supporting the Group Chairman and Chief Executive Officer with the setting of the Board's agenda and facilitating the flow of information to and from the Board. He is also responsible for the efficient administration of the Company, particularly with regard to ensuring compliance with statutory and regulatory requirements, and for ensuring that decisions of the Board of Directors are implemented.

All Directors have access to the Group Company Secretary and Board Legal Advisor, and independent professional advice at the Company's expense, if required.

CORPORATE GOVERNANCE

Leadership continued

CORPORATE GOVERNANCE FRAMEWORK

The Board is at the centre of our Corporate Governance Framework. It is supported by a number of committees to which certain Board responsibilities are delegated. These committees, in turn formally report to the Board following each meeting to ensure that the Board remains fully updated on their activities. The principal Board Committees include the Remuneration, Audit and Nominations and Governance Committees, with formally delegated duties and responsibilities and written terms of reference. From time to time, the Board may set up additional committees to consider specific issues when the need arises. Reports on the activities of the principal Board Committees can be found on the following pages and their terms of reference are available on the Company's website, www.dpworld.com. The Group Company Secretary provides support as the secretary for the principal Board Committees.

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

Board · Non-Board · Other

Board of Directors

Group Chairman & CEO

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

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

Committee Report on page 67

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

Committee Report on page 66

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

Committee Report on page 63

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

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

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

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

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

BOARD MEETINGS

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

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

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

Director	Board	Audit	Nomination and Governance	Remuneration
Sultan Ahmed Bin Sulayem	7(7)	–	2(2)	–
Yuvraj Narayan	7(7)	–	–	–
Deepak Parekh	6(7)	3(4)	–	2(2)
Robert Woods	6(7)	–	1(2)	1(2)
Mark Russell	7(7)	4(4)	–	2(2)
Nadya Kamali	7(7)	4(4)	–	–
Mohamed Al Suwaidi	6(7)	–	2(2)	2(2)
Abdulla Ghobash	6(7)	–	2(2)	–

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

2017 Board Activities

Matters Considered at all Board Meetings

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

Matters Considered during the Year

Leadership

- Reviewed and approved the structure, size and composition of the Board's Committees.
- Appointed a new Group Company Secretary and Board Legal Advisor.

Financial Reporting and Controls

- Considered results and declared dividends.
- Approved Group Budget.
- Considered and approved major capital projects including new acquisitions and increases in the Company's holdings.
- The new acquisitions included a 93% stake in Remolques y Servicios Maritimos, S.L. ("Reyser") (Spain), in addition to Maritime World LLC (UAE) and Drydocks World LLC (UAE) (completed in January 2018). The Company increased its holding in Empresa Brasileira de Terminais Portuários S.A. ("Embraport") (Brazil) to 100%.

Strategy & Management

- Received detailed regional presentations on performance against strategic objectives and key performance indicators.
- Received reports outlining projects under current consideration of the Group.

CORPORATE GOVERNANCE

Leadership continued

Matters Considered during the Year continued

Risk Management	• Received the risk reviews, as considered by the Audit Committee. • Monitored the status of legal claims. • Received updates on insurance matters and approved the renewal of the Directors' and Officers' insurance.
Corporate Governance	• Reviewed and approved a bespoke director level programme, aimed at developing skills and talent for a strong succession plan, creating a generation of future leaders. • Reviewed and re-affirmed the terms of reference of the Board Committees. • Approved a revised group-wide modern slavery policy and compliance statement.
Shareholders	• Reviewed and approved throughput announcements released during the year. • Reviewed and approved preliminary, full and half-year results announcements. • Approved the Company's Annual Report and Accounts. • Received Annual General Meeting briefing, approved the notice and ancillary documents to be sent to shareholders and attended meeting

BOARD EVALUATION

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

For the financial year ended 31 December 2017, the Board evaluation was facilitated internally by the Group Company Secretary and Board Legal Advisor in accordance with the following process:

Evaluation Process

+ STEP 1 SELF-EVALUATION

Questionnaire completed by each Director to review Board and Committee performance.

+ STEP 2 INTERVIEW WITH SID AND CHAIRMAN

Individual meetings held with Chairman and Senior Independent Non-Executive Director to review responses.

+ STEP 3 CONSOLIDATE AND REPORT

Company Secretary consolidates responses and presents results to Board for its consideration.

+ STEP 4 REVIEW AND PLAN

Board reviews the evaluation results and prepares an action plan for the following year.

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

The Committee evaluations focused on the following areas:

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

Tracking from Previous Evaluation and Action for 2018

As a result of the evaluation of the Board's performance in December 2016 and the action plan that was subsequently developed, the Company reviewed the Board composition to ensure that it included the optimum balance of skills, experience and diversity and reviewed the succession planning and board training programme. The table below illustrates the findings from the December 2016 performance review, the actions taken by the Board and principal Committees during 2017 and the actions identified for 2018 as a result of the December 2017 performance review.

DECEMBER 2016 FINDINGS	• The following were identified during the review as areas for potential improvement: • Review the Board composition to ensure the Board has the optimum balance of skills, experience and diversity. • Review the Company's succession planning and improve the Board's interaction with members of senior management. • Continue to focus on communication with institutional investors.
PROGRESS IN 2017	• Board Members attended the Global Leadership Meeting in 2017 and the location of Board meetings was rotated to give Board Members the opportunity to visit DP World's global operations and meet with local senior management. • The Company has an ongoing commitment to open communications with institutional investors and shareholders – see the 'Relations with Shareholders' section starting on page 62.
ACTIONS FOR 2018	• Continue to optimise the board's exposure to and familiarity with senior management. • Enhance the succession planning and talent development to build a generation of future leaders and directors. • Optimise the strategic and market review to gain further competitive advantage.

Audit Committee	Nominations and Governance Committee	Remuneration Committee
During the year, and as part of the Performance Evaluation Cycle, the composition of each of the Board's main sub-committees was reviewed. For further details about the membership and activities of each sub-Committee please refer to the Committees' Report.		
For the Report of the Audit Committee please see page 63.	For the Report of the Nominations and Governance Committee please see page 66.	For the Report of the Remuneration Committee please see page 67.

CORPORATE GOVERNANCE

Accountability

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

Risk Management Framework

Risk Management is the responsibility of the Board and is integral to the achievement of our strategic objectives. The Board is responsible for establishing the system of risk management, setting the risk appetite of the Group and for maintaining a sound internal control system. Certain elements of this responsibility are overseen on behalf of the Board by the Executive Committee, the Audit Committee and the Enterprise Risk Management Committee.

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

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

During the year the Enterprise Risk Management Committee met a number of times to provide a greater degree of oversight on the principal risks that may impact our Group. Recommendations arising from these meetings are presented to the Audit Committee for their review and consideration. A description of the process for managing enterprise risk, together with a summary of risks that could have a material impact on the Group and actions in place to mitigate those risks, is given on pages 30 to 35.

Internal Controls

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

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

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

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

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

Guidelines regarding Insider Trading

The Group takes all reasonable steps to avoid the risk of insider trading. It has adopted processes to keep all members of staff informed about their duties with respect to the handling of inside information, as well as dealings in the Company's securities.

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

Anti-Fraud

DP World has an anti-fraud policy and has introduced a comprehensive fraud management framework which includes a Fraud Supervisory Panel, which takes effect in the event of serious incidents to oversee case management and to ensure appropriate actions are taken. Fraud risk assessments are conducted across various business units across the Group to identify potential fraud risk scenarios in core business processes and to monitor the internal controls in place to mitigate such risks.

The Audit Committee receives an update at each meeting on all reported allegations. The Audit Committee has reviewed the Group's whistleblowing procedures to ensure that arrangements are in place to enable employees to confidentially raise concerns about possible improprieties.

Anti-Bribery and Corruption

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

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

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

Modern Slavery Act

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

COMPLIANCE STATEMENT

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

For the year ended 31 December 2017, the Company complied with the provisions of the Nasdaq Dubai Rules other than:

- paragraph 16 of App 4 to the Nasdaq Dubai Rules ("App 4") – the roles of Chairman and of Chief Executive Officer were held by the same individual. The appointment of the Chairman, Sultan Ahmed Bin Sulayem, as Chief Executive Officer was approved by the shareholders at the Company's Annual General Meeting in April 2016. Furthermore, in accordance with paragraph 17 of App 4, the Board has established measures to ensure that it can properly discharge its function of providing effective oversight of the management of the Company:
  - the Board is comprised of a majority of Independent Non-Executive Directors;
  - the Executive Directors and senior managers have objectives and their performance against these objectives are reviewed by the Remuneration Committee, which is entirely comprised of Independent Non-Executive Directors.

CORPORATE GOVERNANCE

Relations with Shareholders

Shareholder Engagement Calendar for 2017

JANUARY TO MARCH

- dbAccess CEEMEA Conference (London, UK)
- Full Year 2016 Throughput Conference Call (Dubai, UAE)
- UAE Broker Markets Day (Dubai, UAE)
- HSBC MENA & Turkey Equity Forum (Dubai, UAE)
- 13th EFG Hermes One on One Conference 2017 (Dubai, UAE)
- Full Year 2016 Results Conference Call (Dubai, UAE)
- Roadshow in the US and UK following Full Year 2016 Results (US, UK)

APRIL TO JUNE

- 1Q 2017 Throughput Announcement (Dubai, UAE)
- HSBC MENA Conference via Video Conference (Dubai, UAE)
- Morgan Stanley EEMEA Conference 2017 (London, UK)
- DFM Roadshow 2017 (London, UK)
- Fitch Rating Infrastructure Credit Seminar 2017 (London, UK)

JULY TO SEPTEMBER

- Capital Markets Day 2017 (London, UK)
- 2017 Half Year Throughput Announcement (Dubai, UAE)
- 2017 Half Year Results Conference Call (Dubai, UAE)
- Roadshow in the US, UK, Europe and Asia following Half Year 2017 Results (US, UK, Paris, Hong Kong, Taiwan, Singapore, Malaysia)
- DB Global Emerging Markets One-on-One Conference (New York, USA)
- Arqaam Capital 4th Annual Investor Conference 2017 (Dubai, UAE)

OCTOBER TO DECEMBER

- DFM International Investor Roadshow New York 2017 in collaboration with Bank of America Merrill Lynch (New York, USA)
- 9M 2017 Throughput Announcement (Dubai, UAE)
- BAML MENA Conference 2017 (Dubai, UAE)

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

In 2017, we held over 300 meetings and met over 200 institutions. Attended 6 international roadshows, participated at 6 local conferences and 5 international conferences and organised over 35 port tours for investors at Jebel Ali. We also hosted a Capital Markets Day where we showcased London Gateway (UK) which was attended by investors from across the globe.

We are pleased that our efforts to engage with our investors during the year were recognised, with an award for the Best Annual Report at the 2017 Middle East Investor Relations Society Awards.

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

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

The Board receives regular updates on shareholders' views through briefings from the Group Chairman and Chief Executive Officer and Group Chief Financial Officer as well as reports from the Company's corporate brokers and investor relations team. In 2017, the Company maintained corporate broking relationships with Citigroup Global Markets Limited and Deutsche Bank AG.

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

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

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

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

Audit Committee

Members

Nadya Kamali (Committee Chair)
Deepak Parekh
Mark Russell

During 2017, the Committee was comprised of three members, all of whom are Independent Non-Executive Directors. The secretary to the Committee is Mohammad Al Hashimy, Group Company Secretary and Board Legal Advisor.

Committee Meetings

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

Attendance at the Audit Committee meetings is set out in the table on page 57.

Role of the Committee

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

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

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

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

CORPORATE GOVERNANCE

Audit Committee continued

SIGNIFICANT ISSUES

We identified the issues below as significant in the context of the 2017 financial statements. We consider these areas to be significant taking into account the level of materiality and the degree of judgement exercised by management. We debated the issues in detail to ensure that the approaches taken were appropriate.

IMPAIRMENT TESTING (SEE NOTE 15 TO THE FINANCIAL STATEMENTS)

AREA OF FOCUS

An impairment review is carried out annually by management to identify cash generating units (CGU – operating port or group of ports) in which the recoverable amount of the CGU is less than the value of the assets carried in the Group's accounts. Impairment results in a charge to the Group income statement.

Key judgements and assumptions need to be made when valuing the assets of the cash generating units and the quantum of potential future cash flows arising from those assets.

COMMITTEE ACTION

We considered the significant judgements, assumptions and estimates made by management in preparing the impairment review to ensure that they were appropriate. In particular, the cash flow projections, budgeted margins, discount rates, inflation, perpetuity growth rates and sensitivity analysis were reviewed.

We obtained the external auditors' view in relation to the appropriateness of the approach and outcome of the review. Taking this into account, together with the documentation presented and the explanations given by management, we were satisfied with the thoroughness of the approach and judgements taken.

The review did not result in any impairment during the year.

ACQUISITION ACCOUNTING

AREA OF FOCUS

The Group acquired controlling stake in Remolques y Servicios Maritimos, S.L. ("Reyser"), a Spanish company providing maritime services internationally, which is consolidated in the Group's financial statements as a subsidiary.

The Group acquired an additional stake in Empresa Brasileira de Terminais Portuarious S.A. ("Embraport") in Brazil during the year, resulting in Embraport (now branded as "DP World Santos") being 100% held by the Group, and hence consolidated in the Group's financial statements.

The acquisition accounting involves estimating the fair value of assets and liabilities acquired on the date of acquisition, including the identification and valuation of intangible assets and goodwill. Significant judgement is involved in relation to the assumptions used in the valuation and purchase price allocation process.

COMMITTEE ACTION

We considered the significant judgements made by the management in concluding the classification of Reyser as a subsidiary of the Group.

We reviewed the management's assumptions in relation to the valuation and allocation of purchase price on the acquisition of Reyser and Embraport, based on valuation reports and were satisfied with the assumptions, judgements and conclusions reached.

CONTINGENCIES (SEE NOTE 33 TO THE FINANCIAL STATEMENTS)

AREA OF FOCUS

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

COMMITTEE ACTION

We focused on the potential liabilities arising from litigation claims.

To determine whether the level of provisioning in the balance sheet or disclosure in the financial statements was appropriate, we considered inputs from the Group's legal counsel and external lawyers.

We obtained external auditors' comments on this area and concluded that the approach taken in respect of provisioning and disclosure continued to be appropriate.

TAX PROVISION

AREA OF FOCUS	COMMITTEE ACTION
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes	We reviewed the updates from the Tax Director and reports from the external auditors and tax-consultants. We considered the appropriateness of tax provisions in relation to the updates and reports received and concluded that the treatment adopted was fair and reasonable.

POST-EMPLOYMENT OBLIGATIONS (PENSIONS)

AREA OF FOCUS	COMMITTEE ACTION
Determining the current value of the Group's future pension obligations require a number of assumptions. These assumptions relate principally to life expectancy, discount rates applied to future cash flows and rates of inflation and future salary increases.	Valuation assumptions, prepared by external actuaries and adopted by management, were considered in the light of prevailing economic indicators and the view of the external auditors. These were accepted as appropriate..

Financial Reporting

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

Internal Audit

The scope of activity of internal audit is monitored and reviewed at each Audit Committee meeting.

An annual plan was agreed by the Audit Committee in December 2016 which covers the activities during the year ended 31 December 2017.

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

Risk Management

During 2017, we continued to monitor and review the principal risks relating to the Group's business performance that could materially affect our business, financial performance and reputation. A summary of our principal risks can be found on pages 30 to 35.

Risk management reports, prepared by the Group Head of Enterprise Risk Management, were submitted to the Audit Committee in March 2017, August 2017 and December 2017. These reports summarise submissions from all areas of the business which the Group Enterprise Risk Management Committee and senior management have reviewed. The reports also highlight the risk mitigation strategies that are employed to reduce potential risk exposure to the acceptable risk tolerance levels.

In December 2017, the Audit Committee reviewed the effectiveness of the Group's overall Enterprise Risk Management ("ERM") Policy and Framework, including the Group-wide approach to the identification, assessment, mitigation, monitoring and reporting of risks for the year ended 31 December 2017.

Internal Controls

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

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

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

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

The Chairperson of the Audit Committee reports any matters arising from the Audit Committee's review to the Board following each meeting. This update covers the way in which the risk management and internal control processes are applied and on any breakdowns in, or exceptions to, these processes. There were no significant failings or weaknesses identified. These processes have been in place throughout the year ended 31 December 2017 and have continued to the date of this report.

Whistleblowing and fraud

DP World's whistleblowing policy, which supports the Group-wide Code of Conduct, is monitored by the Audit Committee. A copy of the Group's Code of Conduct is available on DP World's website www.dpworld.com.

The Audit Committee received reports at each Audit Committee meeting providing details of matters reported through the Group's confidential whistleblowing reporting mechanism (telephone, email, web application) which is managed externally. All matters reported are investigated by DP World's Fraud Risk Services team and, where appropriate, reported to the Committee, together with details of any corrective action taken. The Committee also received reports at each meeting providing details of fraud losses in each quarter.

External Audit

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

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

The Audit Committee has undertaken an annual review of the independence and objectivity of the auditors and an assessment of the effectiveness of the audit process, which included a report from the external auditors of their own internal quality procedures. It also received assurances from the Auditors regarding their independence. On the basis of this review, the Audit Committee recommended to the Board that it recommends to the shareholders that they support the re-appointment of the Auditors at the AGM on 26 April 2018.

CORPORATE GOVERNANCE

Nominations and Governance Committee

Members

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

During 2017, the Committee was comprised of four members, three of whom are Independent Non-Executive Directors. The secretary of the Committee is Mohammad Al Hashimy, Group Company Secretary and Board Legal Advisor.

Committee Meetings

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

Attendance at the Nominations and Governance Committee meetings is set out in the table on page 57.

2017 Activities

During the year, the Nominations and Governance Committee:

- considered the current composition of the Board and the mix of skills, knowledge and experience.

Role of the Committee

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

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

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

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

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

Remuneration Committee

Members

Deepak Parekh (Committee Chairman)
Mark Russell
Robert Woods
Mohamed Al Suwaidi

During 2017, the Remuneration Committee was comprised of four members all of whom are Independent Non-Executive Directors. The secretary to the Committee is Mohammad Al Hashimy, Group Company Secretary and Board Legal Advisor.

Committee Meetings

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

Attendance at the Remuneration Committee meetings is set out in the table on page 57.

2017 Activities

During the year, the Remuneration Committee:

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

Role of the Committee

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

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

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

The Remuneration Committee's responsibilities include:

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

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

CORPORATE GOVERNANCE

Remuneration

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

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

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

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

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

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

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

	Description of Plan	2017 Implementation
Performance Delivery Plan ("PDP")	Cash-based incentive plan to motivate, drive and reward performance over an operating cycle of one year. The PDP combines business financial performance and individual performance objectives. Levels of awards, financial and personal measures and weightings will vary depending on the individual's role, geography and level of responsibility. For individuals outside the Executive Directors and senior management category, the principle is then typically cascaded throughout the terminals' organisational levels in line with local policies. Appropriateness of the levels of awards, financial and personal measures and weightings are reviewed on an annual basis to ensure they continue to support our business strategy. Payment is in cash and is expected to be made in April each year for performance over the previous financial year, subject to review and sign-off by the Remuneration Committee.	The PDP for the financial year ended 2017 (award to be paid in 2018) and 2016 (award paid in 2017) is worth a maximum of 75% of annual base salary. It is made up of two components; a financial component worth 70% of the overall award value and a personal component worth 30% of the overall award value. The financial component is based on performance assessed against a budgeted Profit After Tax (PAT) measure. Payout on the financial component is triggered if the Company achieves 95% of its target. Maximum payout on the financial component will occur if the Company achieves 105% of its target. The payout for performance between the 95% and 105% of target is on a straight-line basis. The personal component is based on performance assessed against Specific, Measurable, Achievable, Relevant & Timebound (SMART) objectives. The objectives are particular to each individual role and can include financial based objectives and more qualitative ones.
Long-term Incentive Plan ("LTIP")	Cash-based rolling incentive plan to motivate, drive and reward sustained performance over the long-term operating cycle of three years. The LTIP reflects business financial performance only. Levels of awards, financial measures and weightings will vary depending on the individual's role, geography and levels of responsibility. In addition to the Executive Directors and senior managers, employees performing the top 100 jobs (as determined by job size) are also eligible to participate in the LTIP in line with the same financial metrics as described for Executive Directors and senior managers with varying levels of award in line with their job size. Appropriateness of the levels of awards, financial measures and weightings are reviewed on an annual basis to ensure they continue to support our business strategy. Payment is in cash and is expected to be made in April each year for performance over the previous three financial years, subject to review and sign-off by the Remuneration Committee.	The LTIP for the 2015-2017 (award to be paid in 2018), 2016-2018 (award to be paid in 2019) and 2017-2019 (award to be paid in 2020) performance cycles is based on performance over three years assessed against two budgeted measures with 70% of the award linked to a Return On Capital Employed measure and 30% linked to an Earnings Per Share measure. The LTIP for the cycles described above is worth a maximum of 100% of average annual base salary for the Executive Directors and a maximum of 75% of average annual base salary for other senior managers.

CORPORATE GOVERNANCE

Remuneration continued

Executive Directors' Service Contracts and Remuneration as at 31 December 2017

As mentioned above, the Executive Directors' remuneration structure follows the market practice in the UAE, and all payments are made tax free reflecting the UAE's status.

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

Sultan Ahmed Bin Sulayem

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

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

He was also granted a Performance Delivery Plan award of 75% (out of a maximum of 75%) for performance linked to the 2016 financial year and a Long-Term Incentive Plan award of 100% (out of a maximum of 100%) for performance linked to the 2014-2016 cycle.

His total remuneration for the year ended 31 December 2017 (which includes his base salary and these other benefits) was $4,785,335.00.

Yuvraj Narayan

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

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

He was also granted a Performance Delivery Plan award of 75% (out of a maximum of 75%) for performance linked to the 2016 financial year and a Long-Term Incentive Plan award of 100% (out of a maximum of 100%) for performance linked to the 2014-2016 cycle.

His total remuneration for the year ended 31 December 2017 (which includes his base salary and these other benefits) was $2,262,215.00.

Post Retirement Benefits

Sultan Ahmed Bin Sulayem participates in the Government pension scheme in accordance with local labour law. Yuvraj Narayan participates in an end of service benefit scheme in accordance with local labour law.

Non-Executive Directors' Letters of Appointment and Fees

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

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

For the year ended 31 December 2017, the fees and other remuneration payable to each of the Non-Executive Directors, which includes remuneration for their services in being a member of, or chairing, a Board Committee are set out below:

- Deepak Parekh received a Non-Executive Director fee of $240,490.00[1]
- Robert Woods received a Non-Executive Director fee of $176,419.00
- Mark Russell received a Non-Executive Director fee of $151,282.00[2]
- Abdulla Ghobash received a Non-Executive Director fee of $152,975.00
- Nadya Kamali received a Non-Executive Director fee of $196,270.00
- Mohamed Al Suwaidi received a Non-Executive Director fee of $182,127.00

Interests In Shares

The following is a table of the Directors' and senior managers' shareholdings:

	$2.00 ordinary shares held as at 1 January 2017	$2.00 ordinary shares held as at 31 December 2017	Change
Yuvraj Narayan	13,864	13,864	–
Mohammed Al Muallem	4,712	4,712	–
Robert Woods	2,700	2,700	–

1 Deepak Parekh: this figure also includes a fee for serving on the Board of Economic Zones World FZE, a DP World Limited subsidiary company

2 Mark Russell has waived the fees due to him for the year 2017 in full. An amount equivalent to these fees was donated to the Cardinal Hume Centre, UK registered charity number 1090836

Statement of Directors' Responsibilities

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

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

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009. In preparing the Consolidated Financial Statements, the Directors are required to select appropriate accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and state whether all accounting standards which they consider to be applicable have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements. The Directors also use a going concern basis in preparing the Consolidated Financial Statements unless this is inappropriate.

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

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

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

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

By order of the Board

Mohammad Al Hashimy
Group Company Secretary and Board Legal Advisor

22 March 2018

FINANCIAL STATEMENT

Independent Auditors' Report

To the Shareholders of DP World Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of DP World Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, 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 matter

Impairment assessment of carrying value of goodwill and port concession rights

Refer to notes 3 and 15 of the consolidated financial statements

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

Our response to address the key audit matter

Our procedures included:

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

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

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

In respect of the sensitivity to key assumptions: We performed sensitivity analysis on the discount rates and forecast cash flows. We also considered CGU specific and external market factors to assess the reasonableness of management assumptions.

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

Key audit matter

Accounting for business acquisitions and disposal

Refer to notes 3 and 23 of the consolidated financial statements.

During the year, the Group has acquired an additional 66.67% stake in Empresa Brasileira de Terminais Portuarious S.A. ("Embraport") and 93% stake in Remolques y Servicios Marítimos, S.L. ("Reyser"). The Group has also monetised 45% of its stake in the Canadian ports (Prince Rupert and Vancouver).

For the acquisitions, the accounting involves estimating the fair value of the assets and liabilities at the acquisition date and the identification and valuation of intangible assets. Significant judgement is involved in relation to the assumptions used in the valuation and purchase price allocation process. Due to the inherent uncertainty involved in discounting future cash flows, there is a risk that these assumptions are inappropriate.

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 of non-controlling interest.

Furthermore, an assessment is required to be made for classification of an investment as a subsidiary, joint venture or associate based on whether the Group has determined to have control, joint control or significant influence respectively.

Our response to address the key audit matter

Our procedures included:

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

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 as determined by the Group. We reviewed the resulting adjustments for reasonableness and assessed the appropriateness of the disclosures made.

For the monetisation, we assessed whether the key terms and pricing were appropriately reflected in the calculation of profit on monetisation. We also assessed the accounting entries used to record the monetisation, the appropriateness of the disclosures made and the recognition of non-controlling interests.

Key audit matter

Litigation and claims

Refer to notes 3, 33 and 34 of the consolidated financial statements.

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

Our response to address the key audit matter

Our procedures included:

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

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

Key audit matter

Taxation provisions

Refer to notes 3 and 8 of the consolidated financial statements.

The Group operates in a number of tax jurisdictions whereby the Group has to estimate the tax effect of applying local legislation which can be complex, 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.

FINANCIAL STATEMENT

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

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

Our response to address the key audit matter
Our procedures included:

We, together with our tax specialists, considered any large or unusual items affecting the effective tax rate and whether or not any current year items would result in an increased or reduced provision. 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.

Key audit matter
Pensions
Refer to notes 3 and 20 of the consolidated financial statements.

The Group operates a number of defined benefit pension schemes. The valuation of the pension deficit requires significant levels of judgement and technical expertise in choosing the appropriate assumptions. Changes in a number of the key assumptions including salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the pension position. As a result of the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions 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 an independent actuary to assist them in calculating the appropriate pension scheme position. We obtained the actuary's report and, with the assistance of our pension specialists, assessed the discount and inflation rates used in calculating the pension deficit to our internally developed benchmarks, which are based on externally available data to assess whether these assumptions were within our expected range. We compared the mortality assumption to national and industry averages to assess that these were reasonable.

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

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

We assessed the adequacy of the disclosures in this area.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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. 2 of 2009.

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

Date: 15 March 2018

FINANCIAL STATEMENT

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2017 Before separately disclosed items USD'000	Separately disclosed items (Note 9) USD'000	Total USD'000	Year ended 31 December 2016 Before separately disclosed items USD'000	Separately disclosed items (Note 9) USD'000	Total USD'000
Revenue	5	**4,714,733**	**14,053**	**4,728,786**	4,163,325	68,243	4,231,568
Cost of sales		**(2,359,467)**	**(14,053)**	**(2,373,520)**	(2,010,490)	(68,243)	(2,078,733)
Gross profit		**2,355,266**	**–**	**2,355,266**	2,152,835	–	2,152,835
General and administrative expenses		**(693,878)**	**(14,699)**	**(708,577)**	(628,411)	(776)	(629,187)
Other income		**51,844**	**3,433**	**55,277**	49,301	3,878	53,179
Loss on disposal and change in ownership of business	9	**–**	**(28,234)**	**(28,234)**	(2,966)	(12,524)	(15,490)
Share of profit/ (loss) from equity-accounted investees (net of tax)	16	**123,592**	**4,172**	**127,764**	149,435	(2,957)	146,478
Results from operating activities		**1,836,824**	**(35,328)**	**1,801,496**	1,720,194	(12,379)	1,707,815
Finance income	7	**95,540**	**550**	**96,090**	100,247	47,462	147,709
Finance costs	7	**(425,410)**	**(98,100)**	**(523,510)**	(438,357)	(139,521)	(577,878)
Net finance costs		**(329,870)**	**(97,550)**	**(427,420)**	(338,110)	(92,059)	(430,169)
Profit before tax		**1,506,954**	**(132,878)**	**1,374,076**	1,382,084	(104,438)	1,277,646
Income tax expense	8	**(144,406)**	**101,076**	**(43,330)**	(122,579)	–	(122,579)
Profit for the year	6	**1,362,548**	**(31,802)**	**1,330,746**	1,259,505	(104,438)	1,155,067
Profit attributable to:							
Owners of the Company		**1,208,517**	**(31,802)**	**1,176,715**	1,126,554	(102,300)	1,024,254
Non-controlling interests		**154,031**	**–**	**154,031**	132,951	(2,138)	130,813
		1,362,548	**(31,802)**	**1,330,746**	1,259,505	(104,438)	1,155,067
Earnings per share							
Basic earnings per share – US cents	11	**145.60**		**141.77**	135.73		123.40
Diluted earnings per share – US cents	11	**141.58**		**141.77**	132.11		117.16

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

FINANCIAL STATEMENT

Consolidated Statement of Other Comprehensive Income

	Note	2017 USD'000	2016 USD'000
Profit for the year		**1,330,746**	1,155,067
Other comprehensive income (OCI)			
Items that are or may be reclassified to profit or loss:			
Foreign exchange translation differences – foreign operations*		**616,653**	(586,792)
Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control		**46,949**	48,913
Net change in fair value of available-for-sale financial assets		**(779)**	5,176
Share of other comprehensive income of equity-accounted investees	16	**3,988**	3,416
Cash flow hedges – effective portion of changes in fair value		**49,255**	(21,178)
Related tax on fair value of cash flow hedges		**(6,262)**	3,170
Items that will never be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations**	20	**131**	(204,987)
Related tax		**(1,026)**	5,699
Other comprehensive income for the year, net of tax		**708,909**	(746,583)
Total comprehensive income for the year		**2,039,655**	408,484
Total comprehensive income attributable to:			
Owners of the Company		**1,837,558**	282,472
Non-controlling interests		**202,097**	126,012

* 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.

** 2016 includes re-apportionment of pension fund deficit contribution from a related party and increase in pension actuarial loss on account of the decrease in discount rate at the reporting date.

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

FINANCIAL STATEMENT

Consolidated Statement of Financial Position

	Note	2017 USD'000	2016 USD'000
Assets			
Non-current assets			
Property, plant and equipment	12	**8,697,371**	7,522,077
Investment properties	13	**1,323,179**	1,280,325
Intangible assets and goodwill	14	**7,920,654**	7,289,138
Investment in equity-accounted investees	16	**2,172,683**	1,951,658
Other investments		**72,759**	60,644
Accounts receivable and prepayments	17	**481,741**	428,627
Total non-current assets		**20,668,387**	18,532,469
Current assets			
Inventories		**90,282**	79,124
Accounts receivable and prepayments	17	**871,542**	793,345
Cash and cash equivalents	18	**1,483,679**	1,299,391
Total current assets		**2,445,503**	2,171,860
Total assets		**23,113,890**	20,704,329
Equity			
Share capital	27	**1,660,000**	1,660,000
Share premium		**2,472,655**	2,472,655
Shareholders' reserve		**2,000,000**	2,000,000
Retained earnings		**6,759,367**	5,495,181
Translation reserve		**(1,503,980)**	(2,124,021)
Other reserves	28	**(573,881)**	(705,964)
Equity attributable to owners of the Company		**10,814,161**	8,797,851
Non-controlling interests	22	**811,201**	721,834
Total equity		**11,625,362**	9,519,685
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	29	**7,437,270**	6,874,777
Accounts payable and accruals	21	**482,218**	392,127
Deferred tax liabilities	8	**907,860**	945,257
Employees' end of service benefits	19	**122,230**	112,594
Pension and post-employment benefits	20	**187,570**	314,691
Total non-current liabilities		**9,137,148**	8,639,446
Current liabilities			
Interest bearing loans and borrowings	29	**301,708**	743,482
Accounts payable and accruals	21	**1,947,781**	1,663,809
Income tax liabilities	8	**94,567**	129,722
Pension and post-employment benefits	20	**7,324**	8,185
Total current liabilities		**2,351,380**	2,545,198
Total liabilities		**11,488,528**	11,184,644
Total equity and liabilities		**23,113,890**	20,704,329

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

The consolidated financial statements were authorised for issue on 15 March 2018.

Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

FINANCIAL STATEMENT

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share capital and premium USD'000	Shareholders' reserve USD'000	Retained earnings USD'000	Translation reserve USD'000	Other reserves USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance as at 1 January 2016	4,132,655	2,000,000	4,722,382	(1,593,342)	(494,861)	8,766,834	367,764	9,134,598
Profit for the period	–	–	1,024,254	–	–	1,024,254	130,813	1,155,067
Other comprehensive income, net of tax	–	–		(530,679)	(211,103)	(741,782)	(4,801)	(746,583)
Transactions with owners, recognised directly in equity								
Dividends paid (refer to note 10)	–	–	(249,000)	–	–	(249,000)	–	(249,000)
Acquisition of non-controlling interests without change in control	–	–	(2,455)	–	–	(2,455)	722	(1,733)
Transactions with non-controlling interests, recognised directly in equity								
Contributions by non-controlling interests	–	–	–	–	–	–	2,000	2,000
Dividends paid	–	–	–	–	–	–	(25,222)	(25,222)
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	250,558	250,558
Balance as at 31 December 2016	**4,132,655**	**2,000,000**	**5,495,181**	**(2,124,021)**	**(705,964)**	**8,797,851**	**721,834**	**9,519,685**
Profit for the period	**–**	**–**	**1,176,715**	**–**	**–**	**1,176,715**	**154,031**	**1,330,746**
Other comprehensive income, net of tax	**–**	**–**	**–**	**620,041**	**40,802**	**660,843**	**48,066**	**708,909**
Transactions with owners, recognised directly in equity								
Change in ownership interests without change in control of subsidiaries (refer to note 24)	**–**	**–**	**403,497**	**–**	**–**	**403,497**	**119,890**	**523,387**
Pension obligation borne by Parent Company*	**–**	**–**	**–**	**–**	**91,281**	**91,281**	**–**	**91,281**
Dividends paid (refer to note 10)	**–**	**–**	**(315,400)**	**–**	**–**	**(315,400)**	**–**	**(315,400)**
Acquisition of non-controlling interests without change in control	**–**	**–**	**(626)**	**–**	**–**	**(626)**	**(4,191)**	**(4,817)**
Transactions with non-controlling interests, recognised directly in equity		**–**						
Contributions by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**21,880**	**21,880**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(253,697)**	**(253,697)**
Acquisition of subsidiary with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**3,388**	**3,388**
Balance as at 31 December 2017	**4,132,655**	**2,000,000**	**6,759,367**	**(1,503,980)**	**(573,881)**	**10,814,161**	**811,201**	**11,625,362**

* In 2016, Group accounted for USD 91,281 thousand additional defined benefit obligation in relation to the reapportionment of pension fund deficit from a related party. The re-apportioned liability was subsequently paid by the Parent company in the current year.

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

FINANCIAL STATEMENT

Consolidated Statement of Cash Flows

	Note	2017 USD'000	2016 USD'000
Cash flows from operating activities			
Gross cash flows from operations	18	**2,332,606**	2,115,609
Changes in:			
Inventories		**(3,844)**	(11,192)
Accounts receivable and prepayments		**71,583**	(62,671)
Accounts payable and accruals		**127,555**	52,784
Provisions, pensions and post-employment benefits		**(115,452)**	(92,907)
Cash provided by operating activities		**2,412,448**	2,001,623
Income taxes paid		**(204,575)**	(157,086)
Net cash provided by operating activities		**2,207,873**	1,844,537
Cash flows from investing activities			
Additions to property, plant and equipment	12	**(945,201)**	(1,073,725)
Additions to investment properties	13	**(98,884)**	(136,901)
Additions to port concession rights		**(45,566)**	(87,502)
Additions to/ advance towards other investments		**(28,026)**	(23,305)
Proceeds from disposal of property, plant and equipment and port concession rights		**42,579**	7,414
Proceeds from disposal of other investments		**–**	21,554
Proceeds from disposal of a subsidiary		**–**	6,965
Cash outflow on acquisition of subsidiaries (net of cash acquired)		**(179,114)**	(142,950)
Cash inflow on monetisation of stake in subsidiaries without change in control		**523,387**	–
Net cash outflow on acquisition of non-controlling interests without change in control		**(4,817)**	(1,733)
Interest received		**38,030**	32,140
Dividends received from equity-accounted investees		**114,695**	151,146
Additional investment in equity-accounted investees		**(4,415)**	(13,071)
Net loan from equity-accounted investees		**1,347**	1,091
Net cash used in investing activities		**(585,985)**	(1,258,877)
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		**(504,809)**	(1,287,412)
Drawdown of interest bearing loans and borrowings		**290,361**	1,262,089
Proceeds from issue of bonds (2023 Sukuk)		**–**	1,200,000
Redemption of issued bonds (2017 Sukuk)		**(387,300)**	(1,174,455)
Transaction cost paid on issuance of bonds (2023 Sukuk)		**–**	(10,505)
Interest paid		**(332,420)**	(418,769)
Dividend paid to the owners of the Company		**(315,400)**	(249,000)
Contribution by non-controlling interests		**21,880**	2,000
Dividend paid to non-controlling interests		**(253,697)**	(25,222)
Net cash used in financing activities		**(1,481,385)**	(701,274)
Net increase/ (decrease) in cash and cash equivalents		**140,503**	(115,614)
Cash and cash equivalents as at 1 January		**1,299,391**	1,436,595
Effect of exchange rate fluctuations on cash held		**43,785**	(21,590)
Cash and cash equivalents as at 31 December	18	**1,483,679**	1,299,391

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

FINANCIAL STATEMENT

Notes to the Consolidated Financial Statements

1. Corporate information

DP World Limited ("the Company") was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the Companies Law, DIFC Law No. 3 of 2006. The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, industrial parks and economic zones, logistics and ancillary services to technology-driven trade solutions.

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

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

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

2. Basis of preparation of the consolidated financial statements

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

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

a) Use of estimates and judgements

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

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

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

b) New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

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

IFRS 9 sets out requirements for recognising, classifying and measuring financial assets and financial liabilities and introduces a new expected credit loss model. The new guidance has also substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies. The adoption of IFRS 9 will not affect the classification and measurement of the Group's financial instruments, and the new standard does not fundamentally change the hedging relationships. Management has assessed that the effect of change from the incurred loss model to the expected credit loss model is considered immaterial due to the low credit risk in the Group..

Notes to the Consolidated Financial Statements continued

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

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

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

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard provides a single principles-based five-step model to be applied to all contracts with customers. The Group's current practices for recognising revenue have shown to comply in all material aspects with the concepts and principles encompassed by the new standard and impact on the financial statements is considered immaterial.

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

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

The new standard requires the lessee to recognise the operating lease commitment on the balance sheet. The Group, as a lessee, has substantial operating leases and commitments as disclosed in note 31. The standard would require future lease commitments to be recognised as a liability, with a corresponding right of use asset. This will impact the EBITDA and debt to equity ratios of the Group. In addition, depending on the stage of lease, there would be a different pattern of expense recognition on leases. Currently, lease expenses are recognised in cost of sales, however, in future the lease expense would be replaced by an amortisation charge and finance expense.

The Group is in the process of collating its leases and computing the impact. The impact of these standard's application is expected to be significant. The actual impact of applying IFRS 16 at 1 January 2019 will, among other factors, depend on future economic conditions – including the composition of the lease portfolio at that date as well as the level of time charter rates, incremental borrowing rates, etc.

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

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

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

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

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

3. Significant accounting policies

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

ii. Business combination achieved in stages

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair values and any resulting gain or loss is recognised in profit or loss.

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid 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 an available-for-sale financial asset depending on the level of influence retained.

v. Non-controlling interests

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

3. Significant accounting policies (continued)

vi. Structured entities

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

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

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

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

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in equity-accounted investees are accounted for using the equity method and are initially recorded at cost including transaction costs. The Group's investment includes fair value adjustments (including goodwill) net of any accumulated impairment losses.

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 USD, which is the Group's presentation currency.

ii. Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of each entity at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of each entity at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future. Foreign currency differences are generally recognised in the profit or loss.

iii. Foreign operations

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

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

FINANCIAL STATEMENT

Notes to the Consolidated Financial Statements continued

3. Significant accounting policies (continued)

c) Financial instruments

i. Non-derivative financial assets

Initial recognition and subsequent measurement

The Group classifies non-derivative financial assets into the following categories: held to maturity financial assets, loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition. All non-derivative financial assets are recognised initially at fair value, plus, any directly attributable transaction costs. The Group's non-derivative financial assets comprise investments in an unquoted infrastructure fund, debt securities held to maturity, trade and other receivables, due from related parties and, cash and cash equivalents.

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

Derecognition

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

ii. Non-derivative financial liabilities

Initial recognition and measurement

The Group's non-derivative financial liabilities consist of loans and borrowings, bank overdrafts, amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

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

Subsequent measurement

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

Convertible bond

Convertible bonds issued by the Group are denominated in USD and can be converted into ordinary shares. Convertible bonds are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a non-derivative financial liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial derivative liability, represents the value of the option that bond holders can convert into ordinary shares. The Group has not recorded the embedded derivative within equity due to the existence of cash settlement terms with the Company.

Derecognition

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

iii. Derivative financial instruments

The Group holds derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its cash flows exposed to risk of fluctuations in foreign currencies and interest rates.

Initial recognition

On initial designation of the derivatives as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and hedged risk together with the methods that will be used to assess the effectiveness of the hedging relationship

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

Subsequent measurement

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

When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss in the same period that the hedged item affects the consolidated statement of profit or loss.

3. Significant accounting policies (continued)

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.

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.

FINANCIAL STATEMENT

Notes to the Consolidated Financial Statements continued

3. Significant accounting policies (continued)

e) Investment properties

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

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

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

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

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

f) Land use rights

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

g) Goodwill

Goodwill arises on the acquisition of subsidiaries and equity-accounted investees. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

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

h) Port concession rights

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

i. Port concession rights arising on business combinations

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

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

3. Significant accounting policies (continued)

h) Port concession rights (continued)

i. Port concession rights arising on business combinations (continued)

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

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

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

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

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

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

i) Leases

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

i. Group as a lessee

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

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

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

ii. Group as a lessor

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

iii. Leasing and sub-leasing transactions

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

iv. Leases of land in port concession

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

j) Impairment

i. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed for impairment whenever there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

FINANCIAL STATEMENT

Notes to the Consolidated Financial Statements continued

3. Significant accounting policies (continued)

j) Impairment (continued)

i. Non-financial assets (continued)

Goodwill and port concession rights with infinite useful lives, as part of their respective cash-generating units, are also reviewed for impairment at each reporting date or at least once in a year regardless of any indicators of impairment. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

ii. Financial assets

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

Loans and receivables and held to maturity investments

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20% will be considered as significant and a decline of over 9 months will be considered as prolonged.

k) Employee benefits

i. Pension and post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in the consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan.

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

ii. Short-term employee benefits

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

3. Significant accounting policies (continued)

l) Provisions

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

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

m) Revenue

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

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

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

i. Rendering of services

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

ii. Service concession arrangements (IFRIC 12)

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

iii. Lease rentals and related services

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

n) Finance income and costs

Finance income comprises interest income on 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)).

o) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

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

FINANCIAL STATEMENT

Notes to the Consolidated Financial Statements continued

3. Significant accounting policies (continued)

p) Earnings per share

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

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bond and other consequential changes in income or expense that would result from the assumed conversion) by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (refer to note 11).

q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components 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.

r) Separately disclosed items

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

4. Segment information

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

- Asia Pacific and Indian subcontinent
- Australia and Americas
- Middle East, Europe and Africa

Each of these operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker. In addition to the above reportable segments, the Group reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment.

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

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

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

The following table presents certain results, assets and liabilities information regarding the Group's segments as at the reporting date.

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2017 USD'000	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000
Revenue	**682,272**	501,496	**762,151**	659,020	**3,284,363**	3,071,052	**–**	–	**–**	–	**4,728,786**	4,231,568
Adjusted for separately disclosed items	**(14,053)**	(68,243)	**–**	–	**–**	–	**–**	–	**–**	–	**(14,053)**	(68,243)
Revenue before separately disclosed items	**668,219**	433,253	**762,151**	659,020	**3,284,363**	3,071,052	**–**	–	**–**	–	**4,714,733**	4,163,325
Adjusted EBITDA	**434,989**	316,476	**291,485**	293,052	**1,917,640**	1,791,269	**(175,080)**	(137,720)	**–**	–	**2,469,034**	2,263,077
Finance income	**–**	–	**–**	–	**–**	–	**95,540**	100,247	**–**	–	**95,540**	100,247
Finance costs	**–**	–	**–**	–	**–**	–	**(425,410)**	(438,357)	**–**	–	**(425,410)**	(438,357)
Tax expense	**–**	–	**–**	–	**–**	–	**(144,406)**	(122,579)	**–**	–	**(144,406)**	(122,579)
Depreciation and amortisation	**(101,760)**	(67,260)	**(94,046)**	(77,389)	**(427,169)**	(391,184)	**(9,235)**	(7,050)	**–**	–	**(632,210)**	(542,883)
Adjusted net profit/ (loss) before separately disclosed items	**333,229**	249,216	**197,439**	215,663	**1,490,471**	1,400,085	**(658,591)**	(605,459)	**–**	–	**1,362,548**	1,259,505
Adjusted for separately disclosed items	**(13,313)**	(6,284)	**(32,384)**	2,076	**10,369**	(8,171)	**3,526**	(92,059)	**–**	–	**(31,802)**	(104,438)
Profit/ (loss) for the year	**319,916**	242,932	**165,055**	217,739	**1,500,840**	1,391,914	**(655,065)**	(697,518)	**–**	–	**1,330,746**	1,155,067

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

4. Segment information (continued)

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Segment assets	**4,576,571**	4,350,319	**3,103,562**	2,092,970	**18,062,307**	15,333,720	**9,345,615**	9,205,350	**(11,974,165)**	(10,278,030)	**23,113,890**	20,704,329
Segment liabilities	**661,767**	605,616	**643,515**	379,373	**4,042,232**	3,455,870	**8,693,264**	8,524,199	**(3,554,677)**	(2,855,393)	**10,486,101**	10,109,665
Tax liabilities*	**–**	–	**–**	–	**–**	–	**1,002,427**	1,074,979	**–**	–	**1,002,427**	1,074,979
Total liabilities	**661,767**	605,616	**643,515**	379,373	**4,042,232**	3,455,870	**9,695,691**	9,599,178	**(3,554,677)**	(2,855,393)	**11,488,528**	11,184,644
Capital expenditure	**87,670**	81,068	**163,999**	156,457	**835,695**	1,057,844	**2,287**	2,759	**–**	–	**1,089,651**	1,298,128
Depreciation	**43,022**	22,801	**64,801**	55,527	**339,645**	310,077	**9,234**	7,050	**–**	–	**456,702**	395,455
Amortisation/ impairment	**58,738**	44,459	**29,245**	21,862	**91,127**	81,883	**–**	–	**–**	–	**179,110**	148,204
Share of profit/(loss) of equity accounted investees before separately disclosed items	**117,365**	125,215	**(14,894)**	6,418	**21,121**	17,802	**–**	–	**–**	–	**123,592**	149,435
Tax expense	**–**	–	**–**	–	**–**	–	**43,330**	122,579	**–**	–	**43,330**	122,579

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

5. Revenue

	2017 USD'000	2016 USD'000
Revenue consists of:		
Containerised stevedoring revenue	**1,856,806**	1,535,059
Containerised other revenue	**1,450,110**	1,315,186
Non-containerised revenue	**821,751**	759,516
Service concession revenue (refer to note 9)	**14,053**	68,243
Lease rentals and related services	**586,066**	553,564
Total	**4,728,786**	4,231,568

6. Profit for the year

	2017 USD'000	2016 USD'000
Profit for the year is stated after charging the following costs:		
Staff costs	**933,712**	826,947
Depreciation and amortisation	**632,210**	542,883
Operating lease rentals	**399,968**	364,365
Impairment loss (refer to note 9)	**3,602**	776

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Notes to the Consolidated Financial Statements continued

7. Finance income and costs

	2017 USD'000	2016 USD'000
Finance income		
Interest income	**66,400**	56,420
Exchange gains	**29,140**	43,827
Finance income before separately disclosed items	**95,540**	100,247
Separately disclosed items (refer to note 9)	**550**	47,462
Finance income after separately disclosed items	**96,090**	147,709
Finance costs		
Interest expense	**(372,950)**	(375,065)
Exchange losses	**(46,550)**	(57,672)
Other net financing expense in respect of pension plans	**(5,910)**	(5,620)
Finance costs before separately disclosed items	**(425,410)**	(438,357)
Separately disclosed items (refer to note 9)	**(98,100)**	(139,521)
Finance costs after separately disclosed items	**(523,510)**	(577,878)
Net finance costs after separately disclosed items	**(427,420)**	(430,169)

8. Income tax

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

	2017 USD'000	2016 USD'000
Current tax on profits for the year	**193,987**	175,195
Adjustments for change in estimates related to prior years	**(24,506)**	(39,193)
	169,481	136,002
Deferred tax credit	**(126,151)**	(13,423)
Income tax expense	**43,330**	122,579
Share of income tax of equity-accounted investees	**48,963**	47,130
Total tax expense	**92,293**	169,709
Income tax balances included in the consolidated statement of financial position:		
Current income tax receivable (included within accounts receivable and prepayments)	**31,551**	32,318
Current income tax liabilities	**94,567**	129,722

8. Income tax (continued)

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

		2017 USD'000	2016 USD'000
Net profit before tax		**1,374,076**	1,277,646
Tax at the Company's domestic rate of 0% (2016: 0%)		**–**	–
Income tax on foreign earnings		**139,118**	121,342
Net current year tax losses incurred, on which deferred tax is not recognised		**15,699**	27,189
Tax charge on equity-accounted investees		**48,963**	47,130
Effect of rate change		**2,188**	(11,035)
Deferred tax in respect of fair value adjustments		**(15,198)**	(11,436)
Others		**20,971**	37,226
Tax expense before prior year adjustments		**211,741**	210,416
Change in estimates related to prior years:			
– current tax		**(24,507)**	(39,193)
– deferred tax		**6,135**	(1,514)
Total tax expense from operations before separately disclosed items	(A)	**193,369**	169,709
Separately disclosed items		**(101,076)**	–
Total tax expense		**92,293**	169,709
Net profit before tax		**1,374,076**	1,277,646
Separately disclosed items		**132,878**	104,438
Share of income tax of equity-accounted investees		**48,963**	47,130
Adjusted profit before tax and before separately disclosed items	(B)	**1,555,917**	1,429,214
Effective tax rate before separately disclosed items	(A/B)	**12.43%**	11.87%

Unrecognised deferred tax assets

Deferred tax assets are not recognised on trading losses of USD 786,799 thousand (2016: USD 656,449 thousand) where utilisation is uncertain, either because they have not been agreed with tax authorities, or because the likelihood of future taxable profits is not sufficiently certain, or because of the impact of tax holidays. Under current legislation, USD 598,892 thousand (2016: USD 420,692 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax assets are also not recognised on capital and other losses of USD 208,342 thousand (2016: USD 221,394 thousand) as their utilisation is uncertain.

Group tax rates

The Group is not subject to income tax on its UAE operations. The total tax expense relates to the tax payable on the profit earned by the overseas subsidiaries and equity-accounted investees as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. The applicable tax rates in the regions in which the Group operates are set out below:

Geographical segments	Applicable corporate tax rate
Asia Pacific and Indian subcontinent	10% to 34.6%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 34.0%

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8. Income tax (continued)

Movement in temporary differences during the year:

	1 January 2017 USD'000	Recognised in consolidated statement of profit or loss USD'000	Acquisitions in the period USD'000	Translation and other movements USD'000	31 December 2017 USD'000
Deferred tax liabilities					
Property, plant and equipment	92,599	8,633	–	3,348	104,580
Investment in equity-accounted investees	47,458	(22,826)	–	(1,653)	22,979
Fair value of acquired intangibles	441,415	(15,980)	50,512	42,856	518,803
Others	410,768	(105,061)	(1,245)	1,423	305,885
Total before set off	992,240	(135,234)	49,267	45,974	952,247
Set off of deferred tax asset against liabilities	(46,983)	–	–	–	(44,387)
Net deferred tax liabilities	945,257	–	–	–	907,860
Deferred tax assets					
Pension and post-employment benefits	13,075	(3,068)	47	1,463	11,517
Financial instruments	8,366	(787)	–	(897)	6,682
Provisions	3,912	(760)	87	(872)	2,367
Tax value of losses carried forward recognised	21,630	418	–	1,773	23,821
Total before set off	46,983	(4,197)	134	1,467	44,387
Set off of deferred tax asset against liabilities	(46,983)	–	–	–	(44,387)
Net deferred tax assets (included within non-current account receivables and prepayments)	–	–	–	–	–

9. Separately disclosed items

	2017 USD'000	2016 USD'000
Revenue		
Construction contract revenue relating to service concessions	14,053	68,243
Cost of sales		
Construction contract costs relating to service concessions	(14,053)	(68,243)
General and administrative expenses		
Impairment of property, plant and equipment and investment properties	(3,602)	(776)
Acquisition related costs and restructuring provisions (net)	(11,097)	–
Other income	3,433	3,878
Loss on conversion of an associate to a subsidiary	(28,234)	(12,524)
Share of profit/ (loss) from equity-accounted investees	4,172	(2,957)
Finance income		
Change in fair value of convertible bond option	–	47,462
Ineffective swaps	550	–
Finance costs		
Change in fair value of convertible bond option	(77,034)	–
Finance costs related to convertible bond	(21,066)	(20,110)
Ineffective swaps	–	(3,432)
Sukuk redemption costs	–	(61,755)
Transaction costs	–	(54,224)
Income tax	101,076	–
Total	(31,802)	(104,438)

Construction contract revenue and costs: In accordance with IFRIC 12 '**Service Concession Arrangements**', the Group has recorded revenue on the construction of a port in the 'Asia Pacific and Indian subcontinent' region. The construction revenue represents the fair value of the construction services provided in developing the port. No margin has been recognised, as in management's opinion the fair value of the construction services provided approximates the construction cost.

Impairment of property, plant and equipment and investment properties relates to subsidiaries in the 'Middle East, Europe and Africa' region.

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

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9. Separately disclosed items (continued)

Other income represents non-recurring income in a subsidiary in the 'Middle East, Europe and Africa' region. (2016 represents the gain on sale of other investments in the 'Asia Pacific and Indian subcontinent' region and in the 'Middle East, Europe and Africa' region).

Loss on conversion of an associate to a subsidiary relates to the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Australia and Americas' region. (2016 relates to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region and loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region).

Share of loss from equity-accounted investees relates to release of deferred tax liability of USD 15,985 thousand due to tax rate change in an equity-accounted investee in the 'Middle East, Europe and Africa' region offset by impairment of goodwill of USD 11,813 thousand in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region. (2016 represents the non-recurring expenses incurred in the 'Middle East, Europe and Africa' region).

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

Ineffective swaps relates to an ineffective element of cash flow hedge in a subsidiary in the 'Middle East, Europe and Africa' region. (2016: ineffective element of a cash flow hedge in a subsidiary in the 'Middle East, Europe and Africa' region and the loss on termination of interest rate swap in a subsidiary in the 'Australia and Americas' region).

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

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

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

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

10. Dividends

	2017 USD'000	2016 USD'000
Declared and paid during the year:		
Final dividend: 38 US cents per share/ 30 US cents per share	**315,400**	249,000
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
Final dividend: 41 US cents per share/ 38 US cents per share	**340,300**	315,400

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.

	2017 Before separately disclosed items USD'000	**2017 Adjusted for separately disclosed items USD'000**	2016 Before separately disclosed items USD'000	2016 Adjusted for separately disclosed items USD'000
Profit attributable to the ordinary shareholders of the Company (a)	**1,208,517**	**1,176,715**	1,126,554	1,024,254
Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion	**18,772**	**116,872**	18,666	(8,686)
Profit attributable to the ordinary shareholders of the Company after conversion (b)	**1,227,289**	**1,293,587**	1,145,220	1,015,568
Weighted average number of basic shares outstanding as at 31 December (c)	**830,000,000**	**830,000,000**	830,000,000	830,000,000
Weighted average numbers of shares due to conversion of convertible bond	**36,846,510**	**36,846,510**	36,846,510	36,846,510
Total weighted average number of ordinary shares (diluted) outstanding – (d)	**866,846,510**	**866,846,510**	866,846,510	866,846,510
Basic earnings per share US cents – (a/c)	**145.60**	**141.77**	135.73	123.40
Diluted earnings per share US cents – (b/d)	**141.58**	**141.77***	132.11	117.16
Anti-diluted earnings per share US cents – (b/d)	**–**	**149.23**	–	–

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

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12. Property, plant and equipment

	Land and buildings USD'000	Plant and equipment USD'000	Vessels USD'000	Capital work-in-progress USD'000	Total USD'000
Cost					
As at 1 January 2016	3,884,675	3,927,182	279,549	1,056,958	9,148,364
Acquired through business combination	14,964	327,868	–	1,649	344,481
Additions during the year	11,324	62,225	2,960	997,216	1,073,725
Transfers from capital work-in-progress	381,421	282,300	2,013	(665,734)	–
Transfer from investment properties	–	270	–	–	270
Disposals	(30,296)	(48,649)	(2,455)	–	(81,400)
Translation adjustment	(90,513)	(285,415)	(3,817)	(64,484)	(444,229)
As at 31 December 2016	4,171,575	4,265,781	278,250	1,325,605	10,041,211
As at 1 January 2017	**4,171,575**	**4,265,781**	**278,250**	**1,325,605**	**10,041,211**
Acquired through business combination	**8,579**	**544,824**	**93,962**	**–**	**647,365**
Additions during the year	**33,332**	**65,452**	**20,267**	**826,150**	**945,201**
Transfers from capital work-in-progress	**346,474**	**573,461**	**42,404**	**(962,339)**	**–**
Transfer from investment properties	**–**	**892**	**–**	**–**	**892**
Disposals	**(14,897)**	**(79,407)**	**(7,494)**	**–**	**(101,798)**
Translation adjustment	**85,339**	**187,437**	**21,345**	**41,298**	**335,419**
As at 31 December 2017	**4,630,402**	**5,558,440**	**448,734**	**1,230,714**	**11,868,290**
Depreciation and impairment					
As at 1 January 2016	869,521	1,251,777	57,940	–	2,179,238
Acquired through business combination	1,289	125,875	–	–	127,164
Charge for the year	130,858	212,027	19,392	–	362,277
Impairment loss	4	772	–	–	776
On disposals	(21,966)	(44,699)	(1,370)	–	(68,035)
Translation adjustment	(10,479)	(70,089)	(1,718)	–	(82,286)
As at 31 December 2016	969,227	1,475,663	74,244	–	2,519,134
As at 1 January 2017	**969,227**	**1,475,663**	**74,244**	**–**	**2,519,134**
Acquired through business combination	**2,037**	**153,652**	**53,255**	**–**	**208,944**
Charge for the year	**144,389**	**252,720**	**21,826**	**–**	**418,935**
Impairment loss	**–**	**1,515**	**–**	**–**	**1,515**
On disposals	**(7,485)**	**(49,412)**	**(7,494)**	**–**	**(64,391)**
Translation adjustment	**20,160**	**56,008**	**10,614**	**–**	**86,782**
As at 31 December 2017	**1,128,328**	**1,890,146**	**152,445**	**–**	**3,170,919**
Net book value					
At 31 December 2016	3,202,348	2,790,118	204,006	1,325,605	7,522,077
At 31 December 2017	**3,502,074**	**3,668,294**	**296,289**	**1,230,714**	**8,697,371**

In the prior years, the Group had entered into agreements with third parties pursuant to which the Group participated in a series of linked transactions including leasing and sub-leasing of certain cranes of the Group ("the Crane French Lease Arrangements"). At 31 December 2017, cranes with aggregate net book value amounting to USD 210,017 thousand (2016: USD 225,756 thousand) were covered by these Crane French Lease Arrangements. These cranes are accounted for as property, plant and equipment as the Group retains all the risks and rewards incidental to the ownership of the underlying assets.

At 31 December 2017, property, plant and equipment with a carrying amount of USD 1,917,423 thousand (2016: USD 2,180,671 thousand) are pledged to bank loans (refer to note 29).

Borrowing costs capitalised to property, plant and equipment amounted to USD 5,121 thousand (2016: USD 20,510 thousand) with a capitalisation rate in the range of 0.16% to 0.53% per annum (2016: 2.27% to 3.84% per annum).

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

13. Investment properties

	Land USD'000	Buildings and infrastructure USD'000	Under development USD'000	Total USD'000
Cost				
As at 1 January 2016	30,378	970,094	205,016	1,205,488
Additions during the year	3,491	88,801	44,609	136,901
Transfers	–	11,716	(11,716)	–
Transfer to property, plant and equipment	–	–	(270)	(270)
Translation adjustment	(260)	–	(97)	(357)
As at 31 December 2016	33,609	1,070,611	237,542	1,341,762
As at 1 January 2017	**33,609**	**1,070,611**	**237,542**	**1,341,762**
Additions during the year	**2,450**	**–**	**96,434**	**98,884**
Transfers	**–**	**92,736**	**(92,736)**	**–**
Transfer to property, plant and equipment	**–**	**–**	**(892)**	**(892)**
Disposals	**(251)**	**(15,500)**	**(1,196)**	**(16,947)**
Translation adjustment	**1,609**	**–**	**54**	**1,663**
As at 31 December 2017	**37,417**	**1,147,847**	**239,206**	**1,424,470**
Depreciation and impairment				
As at 1 January 2016	–	28,259	–	28,259
Depreciation charge for the year	–	33,178	–	33,178
As at 31 December 2016	–	61,437	–	61,437
As at 1 January 2017	**–**	**61,437**	**–**	**61,437**
Depreciation charge for the year	**–**	**37,767**	**–**	**37,767**
Impairment loss	**–**	**1,746**	**341**	**2,087**
As at 31 December 2017	**–**	**100,950**	**341**	**101,291**
Net book value:				
As at 31 December 2016	33,609	1,009,174	237,542	1,280,325
As at 31 December 2017	**37,417**	**1,046,897**	**238,865**	**1,323,179**

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 466,677 thousand (2016: USD 460,865 thousand) while associated costs related to these investment properties amounted to USD 114,478 thousand (2016: USD 109,790 thousand).

Land:
At 31 December 2017, the fair value of land was estimated to be USD 76,900 thousand (2016: USD 65,941 thousand) compared to the carrying value of USD 37,417 thousand (2016: USD 33,609 thousand).

Buildings and infrastructure:
At 31 December 2017, the fair value of buildings and infrastructure was USD 2,271,513 thousand (2016: USD 2,107,291 thousand) compared to the carrying value of USD 1,046,897 thousand (2016: USD 1,009,174 thousand). The buildings and infrastructure are constructed on a land for which the Economic Zones and Logistics park business obtained land use rights for a period of 99 years.

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

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13. Investment properties continued

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

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties 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 (per square metre per annum)
- Rent growth per annum
- Historical and estimated long term occupancy rate
- Yields, discount rates and terminal capitalisation rates

The fair value of investment properties are categorised under level 3 hierarchy and the Group considers the current use of these properties as their highest and best use.

14. Intangible assets and goodwill

	Land use rights USD'000	Goodwill USD'000	Port concession rights and other intangible assets USD'000	Total USD'000
Cost				
As at 1 January 2016	2,677,717	1,460,386	4,042,167	8,180,270
Acquired through business combinations	–	61,519	498,400	559,919
Additions	–	–	87,502	87,502
Translation adjustment	–	(166,122)	(194,357)	(360,479)
As at 31 December 2016	2,677,717	1,355,783	4,433,712	8,467,212
As at 1 January 2017	**2,677,717**	**1,355,783**	**4,433,712**	**8,467,212**
Acquired through business combinations	**–**	**–**	**365,287**	**365,287**
Additions	**–**	**–**	**87,662**	**87,662**
Translation adjustment	**–**	**114,598**	**331,731**	**446,329**
As at 31 December 2017	**2,677,717**	**1,470,381**	**5,218,392**	**9,366,490**
Amortisation and impairment				
As at 1 January 2016	23,096	–	1,022,257	1,045,353
Charge for the year	29,212	–	118,216	147,428
Translation adjustment	–	–	(14,707)	(14,707)
As at 31 December 2016	52,308	–	1,125,766	1,178,074
As at 1 January 2017	**52,308**	**–**	**1,125,766**	**1,178,074**
Charge for the year	**29,200**	**–**	**146,308**	**175,508**
Translation adjustment	**–**	**–**	**92,254**	**92,254**
As at 31 December 2017	**81,508**	**–**	**1,364,328**	**1,445,836**
Net book value:				
As at 31 December 2016	2,625,409	1,355,783	3,307,946	7,289,138
As at 31 December 2017	**2,596,209**	**1,470,381**	**3,854,064**	**7,920,654**

Port concession rights include concession agreements which are mainly accounted for as part of business combinations and acquisitions. These concessions were determined to have finite and indefinite useful lives based on the terms of the respective concession agreements and the income approach model was used for the purpose of determining their fair values.

At 31 December 2017, port concession rights with a carrying amount of USD 374 thousand (2016: USD 11,790 thousand) are pledged to bank loans (refer to note 29).

15. Impairment testing

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

Impairment testing is done at an operating port (or group of ports) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

	Carrying amount of goodwill		Carrying amount of port concession rights with indefinite useful life			
	2017 USD'000	2016 USD'000	**2017 USD'000**	2016 USD'000	Discount rates	Perpetuity growth rate
Cash-generating units aggregated by operating segment						
Asia Pacific and Indian subcontinent	**233,570**	219,919	**–**	–	6.50% – 11.50%	2.50%
Australia and Americas	**342,650**	320,926	**–**	–	6.00% – 14.50%	2.50%
Middle East, Europe and Africa	**894,161**	814,938	**848,880**	776,919	6.00% – 16.00%	2.50%
Total	**1,470,381**	1,355,783	**848,880**	776,919		

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by management covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25-50 years.

Key assumptions used in value in use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and port concession rights with indefinite useful lives.

Budgeted margins – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements, price fluctuations and manpower costs.

Discount rates – These represent the cost of capital adjusted for the risks associated with the cash flows of the CGU being valued. The Group uses the post-tax Weighted Average Cost of Capital that represents a market participant discount rate.

Cost inflation – The forecast general price index is used to determine the cost inflation during the budget year for the relevant countries where the Group is operating.

Perpetuity growth rate – In management's view, the perpetuity growth rate is the minimum growth rate expected to be achieved beyond the eight year period. This is based on the overall regional economic growth forecasted and the Group's existing internal capacity changes for a given region. The Group also takes into account competition and regional capacity growth to provide a comprehensive growth assumption for the entire portfolio.

The values assigned to key assumptions are consistent with the past experience of management.

Sensitivity to changes in assumptions

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. The analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in significant impairment. Similarly, an increase of 0.25% in discount rate and decrease of 0.25% in perpetuity growth rate would not result in significant impairment.

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16. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments (using the income approach model) at acquisition together with the carrying amount of the Group's interest in equity-accounted investees as included in the consolidated statement of financial position:

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Total	
	2017 USD'000	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000	**2017 USD'000**	2016 USD'000
Cash and cash equivalents	**619,948**	432,726	**138,293**	147,176	**239,142**	203,733	**997,383**	783,635
Other current assets	**186,374**	232,754	**106,289**	111,735	**265,891**	186,858	**558,554**	531,347
Non-current assets	**6,396,749**	6,167,755	**1,586,116**	2,146,178	**2,813,120**	2,459,574	**10,795,985**	10,773,507
Total assets	**7,203,071**	6,833,235	**1,830,698**	2,405,089	**3,318,153**	2,850,165	**12,351,922**	12,088,489
Current financial liabilities	**25,951**	–	**17,027**	595,272	**61,144**	37,734	**104,122**	633,006
Other current liabilities	**434,519**	317,386	**181,136**	170,598	**293,921**	249,081	**909,576**	737,065
Non-current financial liabilities	**973,497**	1,092,416	**1,282,768**	1,009,024	**579,555**	534,625	**2,835,820**	2,636,065
Other non-current liabilities	**430,311**	466,819	**17,105**	137,061	**583,467**	520,062	**1,030,883**	1,123,942
Total liabilities	**1,864,278**	1,876,621	**1,498,036**	1,911,955	**1,518,087**	1,341,502	**4,880,401**	5,130,078
Net assets (100%)	**5,338,793**	4,956,614	**332,662**	493,134	**1,800,066**	1,508,663	**7,471,521**	6,958,411
Group's share of net assets in equity-accounted investees							**2,172,683**	1,951,658
Revenue	**1,375,504**	1,489,325	**656,529**	599,720	**746,085**	587,559	**2,778,118**	2,676,604
Depreciation and amortisation	**(263,768)**	(292,542)	**(92,531)**	(107,201)	**(107,066)**	(93,828)	**(463,365)**	(493,571)
Other expenses	**(566,946)**	(605,441)	**(458,788)**	(410,974)	**(526,943)**	(448,606)	**(1,552,677)**	(1,465,021)
Interest expense	**(70,211)**	(70,090)	**(223,476)**	(241,971)	**(46,505)**	(42,015)	**(340,192)**	(354,076)
Other finance income	**21,225**	19,860	**51,386**	149,040	**(646)**	1,753	**71,965**	170,653
Income tax expense	**(138,080)**	(146,669)	**(26,530)**	(3,295)	**(17,487)**	25,503	**(182,097)**	(124,461)
Net profit/ (loss) (100%)	**357,724**	394,443	**(93,410)**	(14,681)	**47,438**	30,366	**311,752**	410,128
Group's share of profit (before separately disclosed items)							**123,592**	149,435
Dividends received							**114,695**	151,146
Group's share of other comprehensive income							**3,988**	3,416

17. Accounts receivable and prepayments

	2017 Non-current USD'000	**2017 Current USD'000**	2016 Non-current USD'000	2016 Current USD'000
Trade receivables (net)	**–**	**454,052**	–	410,334
Advances paid to suppliers	**–**	**69,776**	–	81,966
Other receivables and prepayments	**167,886**	**298,160**	137,789	220,515
Due from related parties (refer to note 25)	**313,855**	**49,554**	290,838	80,530
Total	**481,741**	**871,542**	428,627	793,345

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

18. Cash and cash equivalents

	2017 USD'000	2016 USD'000
Cash at banks and in hand	**651,675**	619,251
Short-term deposits	**815,854**	614,618
Deposits under lien	**16,150**	65,522
Cash and cash equivalents for consolidated statement of cash flows	**1,483,679**	1,299,391

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.

18. Cash and cash equivalents (continued)

Cash flow information

	Note	2017 USD'000	2016 USD'000
Cash flows from operating activities			
Profit for the year		**1,330,746**	1,155,067
Adjustments for:			
Depreciation and amortisation	6	**632,210**	542,883
Impairment loss	6	**3,602**	776
Share of profit from equity-accounted investees (net of tax)		**(127,764)**	(146,478)
Finance costs	7	**523,510**	577,878
Gain on disposal of other investments		**–**	(3,878)
Gain on sale of property, plant and equipment		**(5,172)**	(999)
Loss on disposal and change in ownership of business	9	**28,234**	15,490
Finance income	7	**(96,090)**	(147,709)
Income tax expense	8	**43,330**	122,579
Gross cash flows from operations		**2,332,606**	2,115,609

19. Employees' end of service benefits

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

	2017 USD'000	2016 USD'000
As at 1 January	**112,594**	97,762
Acquired through business combinations	**–**	8,422
Provision made during the year*	**20,560**	17,647
Amounts paid during the year	**(12,607)**	(11,237)
Translation	**1,683**	–
As at 31 December	**122,230**	112,594

* The provision for expatriate staff gratuities, included in Employees' end of service benefits, is calculated in accordance with the regulations of the Jebel Ali Free Zone Authority. This is based on the liability that would arise if employment of all staff were terminated at the reporting date.

The UAE government had introduced Federal Labour Law No.7 of 1999 for pension and social security. Under this Law, employers are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss as incurred.

20. Pension and post-employment benefits

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

a) P&O UK Scheme

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2016 using the projected unit credit method. The deficit on a statutory funding objectives basis was USD 123,078 thousand. The Group agreed with the Trustee to a new monthly deficit payment plan effective from 1 April 2016 of USD 12,173 thousand until 31 March 2020, then increasing to a total of USD 13,863 thousand until 31 March 2024 and then increasing to USD 16,230 thousand a year until 30 November 2026.

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

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

Notes to the Consolidated Financial Statements continued

20. Pension and post-employment benefits (continued)

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

The Group participates in various industry multi-employer schemes, the most significant of which is the MNOPF Scheme and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

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

The most recent formal actuarial valuation of the New Section of MNOPF scheme was carried out as at 31 March 2015. This resulted in a deficit of USD 4,058 thousand. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation. The New Section closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. In September 2017, the Trustee offered a settlement sum of USD 19,926 thousand to the Group which would clear the outstanding contributions (due payable bi-annually to September 2023) and save the Group USD 2,807 thousand in future interest payments. The Group agreed and settled the payment on 28 September 2017. There are no outstanding contributions due by Group in 2018.

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

The Group's share of the net deficit of the New Section at 31 December 2017 is estimated at 5.36%.

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

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 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 38,276 thousand (equating to 7.0% share of the net deficit). The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 October 2022. Deficit contributions of USD 4,795 thousand were paid into the Scheme in 2017. The Group's aggregated outstanding contributions from this valuation are payable as follows: 2018 to 2022 USD 4,797 thousand per annum.

The most recent formal actuarial valuation was carried out as at 31 March 2017. The Group's deficit contributions arising from this valuation totalled USD 11,796 thousand. A consultation regarding the valuation assumptions, factors and outcome is currently underway. The Group has submitted a response to the consultation. A final decision by the Trustee is expected to be communicated at the end of Q1 2018.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

d) Others

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

The board of a pension 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.

20. Pension and post-employment benefits (continued)

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

	2017 USD'000	2016 USD'000
Non-current		
Defined benefit schemes net liabilities	**187,037**	313,980
Liability in respect of long service leave	**331**	406
Liability for other non-current deferred compensation	**202**	305
	187,570	314,691
Current		
Liability for current deferred compensation	**7,324**	8,185
Net liabilities	**194,894**	322,876
Reflected in the consolidated statement of financial position as follows:		
Employee benefits assets (included within non-current receivables)	**–**	–
Employee benefits liabilities: Non-current	**187,570**	314,691
Employee benefits liabilities: Current	**7,324**	8,185

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

	2017 USD'000	2016 USD'000
Defined benefit schemes	**7,722**	6,617
Defined contribution schemes	**11,664**	10,215
Other employee benefits	**1,545**	11,623
Total	**20,931**	28,455

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

	2017 USD'000	2016 USD'000
Actuarial (gain)/loss recognised in the year	**(51,610)**	368,269
Return on plan assets greater/(lesser) than the discount rate	**(58,045)**	(150,722)
Change in share in multi-employer scheme	**643**	(270)
Movement in minimum funding liability	**108,881**	(12,290)
Total	**(131)**	204,987

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2017 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 2017	MNOPF scheme 2017	Other schemes 2017	P&O UK scheme 2016	MNOPF scheme 2016	Other schemes 2016
Discount rates	**2.50%**	**2.50%**	**2.50%**	2.50%	2.50%	2.70%
Discount rates bulk annuity asset	**2.30%**	**–**	**–**	2.40%	–	–
Expected rates of salary increases	**–***	**–***	**2.4%**	–*	–*	3.00%
Pension increases:						
deferment	**3.00%**	**2.45%**	**2.80%**	3.00%	2.50%	3.20%
payment	**3.00%**	**3.35%**	**3.10%**	3.00%	3.40%	3.20%
Inflation	**3.45%**	**3.45%**	**3.30%**	3.50%	3.50%	3.30%

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

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Notes to the Consolidated Financial Statements continued

20. Pension and post-employment benefits (continued)

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

	Male		Female	
	Age 65 now	Age 65 in 20 years' time	Age 65 now	Age 65 in 20 years' time
2017				
P&O UK scheme	**21.9**	**23.7**	**23.8**	**25.6**
MNOPF scheme	**23.0**	**26.0**	**26.4**	**29.3**
2016				
P&O UK scheme	22.3	24.5	24.3	26.6
MNOPF scheme	23.0	25.9	26.4	29.2

At 31 December 2017, the weighted average duration of the defined benefit obligation was 15.6 years (2016: 17.3 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 2017 by the amounts shown below:

	USD'000
0.1% reduction in discount rate	**5,400**
0.1% increase in inflation assumption and related assumptions	**2,200**
0.25% p.a. increase in the long term rate of mortality improvement	**2,600**

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes fair value USD'000
2017				
Equities	**260,221**	**89,400**	**66,002**	**415,623**
Bonds	**349,486**	**164,735**	**184,887**	**699,108**
Other	**190,432**	**–**	**38,005**	**228,437**
Value of insured pensioner liability	**1,033,581**	**–**	**2,840**	**1,036,421**
Total	**1,833,720**	**254,135**	**291,734**	**2,379,589**
2016				
Equities	443,643	51,721	79,866	575,230
Bonds	188,987	74,928	144,424	408,339
Other	27,404	–	19,504	46,908
Value of insured pensioner liability	984,557	–	–	984,557
Total	1,644,591	126,649	243,794	2,015,034

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

20. Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2017 and 31 December 2016:

	P&O UK scheme 2017 USD'000	MNOPF scheme 2017 USD'000	Other schemes 2017 USD'000	Total group schemes 2017 USD'000	P&O UK scheme 2016 USD'000	MNOPF scheme 2016 USD'000	Other schemes 2016 USD'000	Total group schemes 2016 USD'000
Present value of obligation at 1 January	**(1,763,587)**	**(223,797)**	**(317,436)**	**(2,304,820)**	(1,871,200)	(220,700)	(304,389)	(2,396,289)
Employer's interest cost	**(45,046)**	**(5,663)**	**(8,668)**	**(59,377)**	(61,450)	(7,293)	(10,345)	(79,088)
Employer's current service cost	**–**	**–**	**(4,118)**	**(4,118)**	–	–	(2,836)	(2,836)
Contributions by scheme participants	**–**	**–**	**(1,158)**	**(1,158)**	–	–	(1,215)	(1,215)
Effect of movement in exchange rates	**(164,505)**	**(20,534)**	**(30,484)**	**(215,523)**	331,852	40,661	61,238	433,751
Benefits paid	**92,022**	**10,811**	**10,167**	**113,000**	91,298	9,994	11,210	112,502
Experience gains/(losses) on scheme liabilities	**9,653**	**8,366**	**(1,287)**	**16,732**	29,577	135	810	30,522
Change in share in multi-employer scheme	**(7,979)**	**3,346**	**–**	**(4,633)**	–	(3,376)	–	(3,376)
Actuarial gain on scheme liabilities due to change in demographic assumptions	**33,977**	**–**	**2,574**	**36,551**	70,046	1,891	–	71,937
Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions	**3,089**	**386**	**(5,148)**	**(1,673)**	(353,710)	(45,109)	(71,909)	(470,728)
Present value of obligation at 31 December	**(1,842,376)**	**(227,085)**	**(355,558)**	**(2,425,019)**	(1,763,587)	(223,797)	(317,436)	(2,304,820)

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2017 and 31 December 2016:

	P&O UK scheme 2017 USD'000	MNOPF scheme 2017 USD'000	Other schemes 2017 USD'000	Total group schemes 2017 USD'000	P&O UK scheme 2016 USD'000	MNOPF scheme 2016 USD'000	Other schemes 2016 USD'000	Total group schemes 2016 USD'000
Fair value of scheme assets at 1 January	**1,644,591**	**126,649**	**243,794**	**2,015,034**	1,794,483	220,374	243,296	2,258,153
Interest income on assets	**42,214**	**5,148**	**6,821**	**54,183**	59,019	7,293	8,508	74,820
Return on plan assets greater/(lesser) than the discount rate	**45,432**	**3,346**	**9,267**	**58,045**	187,457	(68,338)	31,603	150,722
Contributions by employer	**28,958**	**116,217**	**17,375**	**162,550**	11,345	5,672	19,853	36,870
Contributions by scheme participants	**–**	**–**	**1,158**	**1,158**	–	–	1,215	1,215
Effect of movement in exchange rates	**159,013**	**17,704**	**24,516**	**201,233**	(314,254)	(31,464)	(48,391)	(394,109)
Benefits paid	**(92,022)**	**(10,811)**	**(10,167)**	**(113,000)**	(91,298)	(9,994)	(11,210)	(112,502)
Change in share in multi-employer scheme	**7,722**	**(3,732)**	**–**	**3,990**	–	3,646	–	3,646
Administration costs incurred during the year	**(2,188)**	**(386)**	**(1,030)**	**(3,604)**	(2,161)	(540)	(1,080)	(3,781)
Fair value of scheme assets at 31 December	**1,833,720**	**254,135**	**291,734**	**2,379,589**	1,644,591	126,649	243,794	2,015,034
Defined benefit schemes net liabilities	**(8,656)**	**27,050**	**(63,824)**	**(45,430)**	(118,996)	(97,148)	(73,642)	(289,786)
Minimum funding liability	**(103,872)**	**(27,050)**	**(10,685)**	**(141,607)**	–	(14,936)	(9,258)	(24,194)
Net liability recognised in the consolidated statement of financial position at 31 December	**(112,528)**	**–**	**(74,509)**	**(187,037)**	(118,996)	(112,084)*	(82,900)	(313,980)

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

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

The below table shows the movement in minimum funding liability:

	2017 USD'000	2016 USD'000
Minimum funding liability as on 1 January	**(24,194)**	(41,000)
Employer's interest cost	**(643)**	(1,350)
Actuarial (loss)/gain during the year	**(108,881)**	12,290
Effect of movement in exchange rates	**(7,889)**	5,866
Minimum funding liability as on 31 December	**(141,607)**	(24,194)

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Notes to the Consolidated Financial Statements continued

20. Pension and post-employment benefits (continued)

It is anticipated that the Group will make the following contributions to the pension schemes in 2018:

	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000
Pension scheme contributions	**12,173**	**–**	**12,443**	**24,616**

21. Accounts payable and accruals

	2017 Non-current USD'000	2017 Current USD'000	2016 Non-current USD'000	2016 Current USD'000
Trade payables	**–**	**197,946**	–	170,181
Other payables and accruals	**141,363**	**1,698,238**	112,047	1,420,813
Provisions*	**889**	**39,355**	1,313	56,767
Fair value of derivative financial instruments	**339,966**	**–**	278,767	6,144
Amounts due to related parties (refer to note 25)	**–**	**12,242**	–	9,904
As at 31 December	**482,218**	**1,947,781**	392,127	1,663,809

* During the current year, additional provision of USD 21,227 thousand was made (2016: USD 43,269 thousand) and an amount of USD 39,063 thousand was utilised (2016: USD 81,470 thousand).

22. Non-controlling interests ('NCI')

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

	Middle East, Europe and Africa region 2017 USD'000	Asia Pacific and Indian subcontinent 2017 USD'000	Australia and Americas 2017 USD'000	Other individually immaterial subsidiaries* 2017 USD'000	Total 2017 USD'000	Middle East, Europe and Africa region 2016 USD'000	Asia Pacific and Indian subcontinent 2016 USD'000	Other individually immaterial subsidiaries* 2016 USD'000	Total 2016 USD'000
Balance sheet information:									
Non-current assets	**292,405**	**531,769**	**939,020**			302,327	472,361		
Current assets	**117,453**	**155,497**	**393,979**			320,003	113,765		
Non-current liabilities	**(912)**	**(20,163)**	**(851,750)**			(18,058)	(13,259)		
Current liabilities	**(19,565)**	**(31,056)**	**(325,951)**			(48,773)	(21,761)		
Net assets (100%)	**389,381**	**636,047**	**155,298**			555,499	551,106		
Carrying amount of fair value adjustments excluding goodwill	**–**	**205,144**	**170,147**			–	186,545		
Total	**389,381**	**841,191**	**325,445**			555,499	737,651		
Carrying amount of NCI as at 31 December	**259,837**	**285,727**	**146,450**	**119,187**	**811,201**	370,597	250,580	100,657	721,834
Statement of profit or loss information:									
Revenue	**237,235**	**224,141**	**310,274**			233,524	–		
Profit after tax	**130,309**	**63,569**	**30,233**			130,174	–		
Other comprehensive income, net of tax	**546**	**95,976**	**32,318**			2,994	–		
Total comprehensive income (100%), net of tax	**130,855**	**159,545**	**62,551**			133,168	–		
Profit allocated to NCI	**86,903**	**21,594**	**13,605**	**31,929**	**154,031**	86,798	–	44,015	130,813
Other comprehensive income attributable to NCI	**364**	**32,603**	**14,543**	**556**	**48,066**	1,996	–	(6,797)	(4,801)
Total comprehensive income attributable to NCI	**87,267**	**54,197**	**28,148**	**32,485**	**202,097**	88,794	–	37,218	126,012
Cash flow statement information:									
Cash flows from operating activities	**(30,806)**	**105,407**	**49,291**			149,437	–		
Cash flows from investing activities	**(10,072)**	**(64,858)**	**(99,666)**			(7,143)	–		
Cash flows from financing activities	**(151,995)**	**(50,425)**	**55,902**			(50,877)	–		
Dividends paid to NCI	**198,375**	**17,332**	**–**			–	–		

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

23. Business combinations

Acquisition of new subsidiaries

(a) On 26 July 2017, the Group acquired a 93% stake in Remolques y Servicios Maritimos, S.L. Group ("Reyser") Spanish business and a controlling stake in International business through an existing subsidiary Remolcadores de Puerto y Altura, S.A. ("Repasa"). The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

	Acquiree's carrying amount USD'000	Fair value recognised on acquisition USD'000
Assets		
Property, plant and equipment	**10,398**	**44,719**
Concession rights	**308**	**145,684**
Deferred tax assets	**1,428**	**1,428**
Investment in equity-accounted investees	**14,273**	**36,625**
Accounts receivables and prepayments	**20,054**	**20,054**
Inventory	**890**	**890**
Bank balances and cash	**3,754**	**3,754**
Liabilities		
Interest bearing loans and borrowings	**(6,036)**	**(6,036)**
Deferred tax liabilities	**(49)**	**(50,561)**
Accounts payable and accruals	**(19,387)**	**(19,387)**
Net assets	**25,633**	**177,170**
Less: Non-controlling interests		**(3,388)**
Total		**173,782**

From the date of acquisition, Reyser has contributed a loss of USD 3,359 thousand to the Group. If the acquisition had taken place at the beginning of the year, the profit of the Group would have decreased by USD 7,068 thousand and revenue would have increased by USD 56,333 thousand.

(b) On 30 November 2017, the Group acquired the remaining 66.67% stake in Empresa Brasileira de Terminais Portuarious S.A. ("Embraport") in Brazil from Odebrecht Transport S.A. increasing the shareholding in Embraport to 100%.

This acquisition has resulted in recognition of port concession rights of USD 219,603 thousand.

From the date of acquisition, Embraport has contributed revenue of USD 7,891 thousand and loss of USD 8,691 thousand. If the acquisition had taken place at the beginning of the year, the profit of the Group would have reduced by USD 28,218 thousand and revenue would have increased by USD 74,160 thousand.

24. Significant group entities

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

a) Significant holding companies

Legal Name	Ownership interest	Country of incorporation	Principal activities
DP World FZE	100%	United Arab Emirates	Development and management of international marine and inland terminal operations
Thunder FZE	100%	United Arab Emirates	Holding company
The Peninsular and Oriental Steam Navigation Company Limited	100%	United Kingdom	Management and operation of international marine terminal operations
Economic Zones World FZE	100%	United Arab Emirates	Development, management and operation of free zones, economic zones, industrial zones and logistics parks
DP World Australia (POSN) Pty Ltd	100%	Australia	Holding company
DPI Terminals Asia Holdings Limited	100%	British Virgin Islands	Holding company
DPI Terminals (BVI) Limited	100%	British Virgin Islands	Holding company
DPI Terminals Asia (BVI) Limited	100%	British Virgin Islands	Holding company
DP World Ports Cooperatieve U.A.	100%	Netherlands	Holding company
DP World Maritime Cooperatieve U.A.	100%	Netherlands	Holding company

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Notes to the Consolidated Financial Statements continued

24. Significant group entities (continued)

b) Significant subsidiaries – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Terminales Rio de la Plata SA	55.62%	Argentina	Container terminal operations
Empresa Brasileira de Terminais Portuarious S.A. (refer to note 23)	100%	Brazil	Container terminal operations
DP World (Canada) Inc.	55%*	Canada	Container terminal operations
DP World Prince Rupert Inc.	55%*	Canada	Container terminal operations
DP World Saint John, Inc.	100%	Canada	Container terminal operations
DP World Limassol Limited	75%	Cyprus	Multi-purpose and general cargo terminal operations
DP World Sokhna SAE	100%	Egypt	Container terminal operations
DP World Posorja S.A.	78%	Ecuador	Container terminal operations
Chennai Container Terminal Private Limited	100%	India	Container terminal operations
India Gateway Terminal Private Ltd	81.63%	India	Container terminal operations
Mundra International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva (India) Gateway Terminal Private Limited	100%	India	Container terminal operations
DP World Middle East Limited	100%	Kingdom of Saudi Arabia	Container terminal operations
DP World Maputo S.A.	60%	Mozambique	Container terminal operations
Qasim International Container Terminal Pakistan Ltd	75%	Pakistan	Container terminal operations
DP World Callao S.R.L.	100%	Peru	Container terminal operations
Doraleh Container Terminal S.A.	33.34%**	Republic of Djibouti[#]	Container terminal operations
Integra Port Services N.V.	60%	Republic of Suriname	Container terminal operations
Suriname Port Services N.V.	60%	Republic of Suriname	General cargo terminal operations
Constanta South Container Terminal SRL	100%	Romania	Container terminal operations
DP World Dakar SA	90%	Senegal	Container terminal operations
DP World Berbera	65%	Somaliland	Container terminal operations
Pusan Newport Co., Ltd	66.03%	South Korea	Container terminal operations
DP World Tarragona SA	60%	Spain	Container terminal operations
DP World Yarımca Liman İşletmeleri AS	100%	Turkey	Container terminal operations
DP World UAE Region FZE	100%	United Arab Emirates	Container terminal operations
London Gateway Port Limited	100%	United Kingdom	Container terminal operations
Southampton Container Terminals Limited	100%	United Kingdom	Container terminal operations
Saigon Premier Container Terminal	80%	Vietnam	Container terminal operations

c) Associates and joint ventures – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Djazair Port World Spa	50%	Algeria	Container terminal operations
DP World DjenDjen Spa	50%	Algeria	Container terminal operations
DP World Australia (Holding) Pty Ltd	25%	Australia	Container terminal operations
Antwerp Gateway N.V	60%***	Belgium	Container terminal operations
Caucedo Investments Inc.	50%	British Virgin Islands	Container terminal operations
Eurofos SARL	50%	France	Container terminal operations
Generale de Manutention Portuaire S.A	50%	France	Container terminal operations
Goodman DP World Hong Kong Limited	25%	Hong Kong	Container terminal operations and warehouse operations
Visakha Container Terminals Private Limited	26%	India	Container terminal operations
PT Terminal Petikemas Surabaya	49%	Indonesia	Container terminal operations
Rotterdam World Gateway B.V.	30%	Netherlands	Container terminal operations
Qingdao Qianwan Container Terminal Co., Ltd	29%	People's Republic of China	Container terminal operations
Tianjin Orient Container Terminals Co., Ltd	24.50%	People's Republic of China	Container terminal operations
Yantai International Container Terminals Ltd	12.50%	People's Republic of China	Container terminal operations
Asian Terminals Inc	50.54%****	Philippines	Container terminal operations
Laem Chabang International Terminal Co. Ltd	34.50%	Thailand	Container terminal operations

24. 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
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
Empresa de Dragagem do Porto de Maputo, SA	25.50%	Mozambique	Dredging services
Maputo Intermodal Container Depot, SA	50.00%	Mozambique	Inland container depot and warehousing
Sociedade de Desenvolvimento do Porto de Maputo, S.A.	24.74%	Mozambique	Port management and cargo handling
DP World Peru S.R.L.	100%	Peru	Terminal related activities
Port Secure FZCO	40%	Republic of Djibouti #	Port security services
Remolcadores de Puerto y Altura, S.A.	57.01%	Spain	Maritime services
Remolques y Servicios Marítimos, S.L.	93%	Spain	Maritime services
Dubai International Djibouti FZE	100%	United Arab Emirates	Port management and operation
Dubai Trade FZE	100%	United Arab Emirates	Trade facilitation through integrated electronic services
P&O Maritime FZE	100%	United Arab Emirates	Maritime services
World Security FZE	100%	United Arab Emirates	Security services
Jebel Ali Free Zone FZE	100%	United Arab Emirates	Management, operation and development of free zones, economic zones and industrial zones
LG Park Freehold Limited	100%	United Kingdom	Management and operation of industrial parks

* Ownership change from 100% to 55% effective 19 January 2017.

** Although the Group only has a 33.34% 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 investor.

*** Although the Group has more than 60% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.

**** Although the Group has more than 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.

\# Refer note 34 (b).

25. Related party transactions

Other related party transactions

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

	Ultimate Parent Company 2017 USD'000	Equity-accounted investees 2017 USD'000	Other related parties 2017 USD'000	Total 2017 USD'000	Ultimate Parent Company 2016 USD'000	Equity-accounted investees 2016 USD'000	Other related parties 2016 USD'000	Total 2016 USD'000
Expenses charged:								
Concession fee	–	–	**49,517**	**49,517**	–	–	47,292	47,292
Shared services	–	–	**736**	**736**	–	–	931	931
Other services	–	–	**19,923**	**19,923**	–	–	18,864	18,864
Revenue earned:								
Management fee income	–	**19,366**	**30,659**	**50,025**	–	25,855	27,540	53,395
Interest income	–	**28,368**	–	**28,368**	–	24,276	–	24,276

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

	Due from related parties 2017 USD'000	Due from related parties 2016 USD'000	Due to related parties 2017 USD'000	Due to related parties 2016 USD'000
Ultimate Parent Company	**2,217**	2,220	**219**	361
Parent Company	**902**	18,972	**5**	194
Equity-accounted investees	**347,289**	336,722	**3,107**	2,168
Other related parties	**13,001**	13,454	**8,911**	7,181
Total	**363,409**	371,368	**12,242**	9,904

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

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Notes to the Consolidated Financial Statements continued

25. Related party transactions (continued)

Compensation of key management personnel

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

	2017 USD'000	2016 USD'000
Short-term benefits and bonus	**13,658**	13,521
Post-retirement benefits	**451**	1,411
Total	**14,109**	14,932

26. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

Trade and other receivables

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Other financial assets

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

26. Financial risk management (continued)

Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to 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:

	2017 USD'000	2016 USD'000
Other investments	**72,759**	60,644
Derivative assets	**8,952**	–
Trade and other receivables excluding prepayments	**1,218,037**	1,095,895
Cash and cash equivalents	**1,483,679**	1,299,391
Total	**2,783,427**	2,455,930

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

	2017 USD'000	2016 USD'000
Asia Pacific and Indian subcontinent	**45,369**	50,169
Australia and Americas	**97,593**	62,303
Middle East, Europe and Africa	**311,090**	297,862
Total	**454,052**	410,334

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

	2017 USD'000	2016 USD'000
Neither past due nor impaired on the reporting date:	**247,923**	221,685
Past due on the reporting date		
Past due 0-30 days	**135,340**	107,788
Past due 31-60 days	**44,286**	42,957
Past due 61-90 days	**13,430**	22,880
Past due > 90 days	**13,073**	15,024
Total	**454,052**	410,334

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:

	2017 USD'000	2016 USD'000
As at 1 January	**108,435**	67,032
Acquired through business combinations	**976**	340
Provision (reversed)/recognised during the year	**(2,726)**	41,063
As at 31 December	**106,685**	108,435

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due.

Trade receivables with the top ten customers represent 54% (2016: 59%) of the trade receivables.

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Notes to the Consolidated Financial Statements continued

26. Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase.

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

	Carrying amount USD'000	Contractual cash flows USD'000	Less than 1 year USD'000	1 – 2 years USD'000	2 – 5 years USD'000	More than 5 years USD'000
Non derivative financial liabilities						2016
Issued bonds	4,524,844	(7,551,859)	(642,102)	(230,727)	(1,703,519)	(4,975,511)
Convertible bonds	803,075	(1,131,250)	(17,500)	(17,500)	(52,500)	(1,043,750)
Bank loans	2,255,558	(3,186,388)	(452,062)	(397,504)	(648,790)	(1,688,032)
Loans from non-controlling shareholders	13,233	(13,233)	(13,233)	–	–	–
Finance lease liabilities	21,549	(28,728)	(8,551)	(6,227)	(4,311)	(9,639)
Trade and other payables	1,587,252	(1,587,543)	(1,495,597)	(55,064)	(22,562)	(14,320)
Financial guarantees and letters of credit*	–	(133,748)	–	–	–	–
Derivative financial liabilities						
Interest rate swaps used for hedging	111,431	(152,685)	(27,804)	(27,400)	(69,377)	(28,104)
Embedded derivative option	173,480	–	–	–	–	–
Total	9,490,422	(13,785,434)	(2,656,849)	(734,422)	(2,501,059)	(7,759,356)
Non derivative financial liabilities						**2017**
Issued bonds	**4,119,001**	**(6,903,324)**	**(230,552)**	**(857,756)**	**(1,014,968)**	**(4,800,048)**
Convertible bonds	**825,412**	**(1,113,750)**	**(17,500)**	**(17,500)**	**(52,500)**	**(1,026,250)**
Bank loans	**2,609,656**	**(3,977,590)**	**(400,133)**	**(198,386)**	**(645,307)**	**(2,733,764)**
Loans from non-controlling shareholders	**151,134**	**(151,134)**	**(151,134)**	**–**	**–**	**–**
Finance lease liabilities	**33,775**	**(41,794)**	**(11,437)**	**(7,344)**	**(15,441)**	**(7,572)**
Trade and other payables	**1,706,464**	**(1,711,148)**	**(1,589,903)**	**(26,387)**	**(30,119)**	**(64,739)**
Financial guarantees and letters of credit*	**–**	**(152,315)**	**–**	**–**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**89,453**	**(124,302)**	**(26,180)**	**(25,528)**	**(60,886)**	**(11,708)**
Embedded derivative option	**250,513**	**–**	**–**	**–**	**–**	**–**
Total	**9,785,408**	**(14,175,357)**	**(2,426,839)**	**(1,132,901)**	**(1,819,221)**	**(8,644,081)**

* Refer to note 33 for further details.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

i. Currency risk

The proportion of the Group's net operating assets denominated in foreign currencies (i.e. other than the functional currency of the Company, UAE Dirhams) is approximately 64.4% (2016: 63.5%) 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.

26. Financial risk management (continued)

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.

Exposure to currency risk

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

	USD* USD'000	GBP USD'000	EUR USD'000	AUD USD'000	INR USD'000	CAD USD'000	KRW USD'000	Others USD'000	2016 Total USD'000
Cash and cash equivalents	855,526	122,232	114,908	14,059	49,519	33,589	69,918	39,640	1,299,391
Trade receivables	226,038	39,131	46,093	4,960	14,248	42,025	31,812	6,027	410,334
Secured bank loans and debenture stock	(228,192)	(791,195)	(34,802)	–	–	(337,626)	–	(48,040)	(1,439,855)
Unsecured bank loans and loan stock	(734,308)	–	–	–	(81,395)	–	–	–	(815,703)
Loan from non-controlling shareholders	(2,083)	–	(11,150)	–	–	–	–	–	(13,233)
Unsecured bonds	(5,327,919)	–	–	–	–	–	–	–	(5,327,919)
Finance lease liabilities	–	(2,022)	(9,735)	(5,076)	–	(3,487)	–	(1,229)	(21,549)
Trade payables	(81,987)	(15,716)	(27,799)	(2,439)	(19,434)	(4,774)	(9,285)	(8,747)	(170,181)
Net consolidated statement of financial position exposures	(5,292,925)	(647,570)	77,515	11,504	(37,062)	(270,273)	92,445	(12,349)	(6,078,715)

	USD* USD'000	**GBP USD'000**	**EUR USD'000**	**AUD USD'000**	**INR USD'000**	**CAD USD'000**	**KRW USD'000**	**Others USD'000**	**2017 Total USD'000**
Cash and cash equivalents	**881,314**	**129,348**	**139,926**	**16,949**	**57,143**	**86,869**	**112,753**	**59,377**	**1,483,679**
Trade receivables	**207,503**	**49,201**	**72,528**	**4,589**	**13,635**	**61,282**	**27,629**	**17,685**	**454,052**
Secured bank loans and debenture stock	**(396,959)**	**(867,370)**	**(28,430)**	**–**	**–**	**(436,840)**	**–**	**(305,117)**	**(2,034,716)**
Unsecured bank loans and loan stock	**(475,907)**	**–**	**(242)**	**–**	**(98,791)**	**–**	**–**	**–**	**(574,940)**
Loan from non-controlling shareholders	**(1,491)**	**–**	**(21,399)**	**–**	**–**	**(128,244)**	**–**	**–**	**(151,134)**
Unsecured bonds	**(4,944,413)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,944,413)**
Finance lease liabilities	**(19,335)**	**(1,213)**	**(8,109)**	**(1,568)**	**–**	**(3,550)**	**–**	**–**	**(33,775)**
Trade payables	**(68,794)**	**(15,558)**	**(45,308)**	**(5,203)**	**(14,600)**	**(7,413)**	**(13,519)**	**(27,551)**	**(197,946)**
Net consolidated statement of financial position exposures	**(4,818,082)**	**(705,592)**	**108,966**	**14,767**	**(42,613)**	**(427,896)**	**126,863**	**(255,606)**	**(5,999,193)**

* 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.

Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) the consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Furthermore, as each entity in the Group has its own functional currency, the effect of translating financial assets and liabilities of the respective entity would mainly impact the consolidated statement of other comprehensive income.

	Consolidated statement of profit or loss		**Consolidated statement of other comprehensive income**	
	2017 USD'000	2016 USD'000	**2017 USD'000**	2016 USD'000
GBP	**4,657**	3,745	**(78,399)**	(71,952)
EUR	**7**	46	**12,107**	8,614
AUD	**(2)**	(5)	**1,641**	1,278
INR	**644**	195	**(4,735)**	4,118
CAD	**1,396**	489	**(47,544)**	(30,030)
KRW	**(139)**	–	**14,096**	10,272

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26. Financial risk management (continued)

A 10 percent weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

ii. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/floating interest rate and bank deposits.

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2017, after taking into account the effect of interest rate swaps, approximately 91% (2016: 94%) 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	
	2017 USD'000	2016 USD'000
Fixed rate instruments		
Financial liabilities (loans and borrowings)	**(5,410,891)**	(5,570,832)
Interest rate swaps hedging floating rate debt	**(1,612,491)**	(1,611,585)
Total	**(7,023,382)**	(7,182,417)
Variable rate instruments		
Financial assets (short term deposits)	**832,004**	680,140
Financial liabilities (loans and borrowings)	**(2,328,087)**	(2,047,427)
Interest rate swaps hedging floating rate debt	**1,612,491**	1,611,585
Total	**116,408**	244,298

Cash flow sensitivity analysis for variable rate instruments

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

	Consolidated statement of profit or loss		Consolidated statement of other comprehensive income	
	100 bp increase USD'000	100 bp decrease USD'000	100 bp increase USD'000	100 bp decrease USD'000
2017				
Variable rate instruments	**1,164**	**(1,164)**	**–**	**–**
Interest rate swaps	**(1,300)**	**1,300**	**14,825**	**(14,825)**
Cash flow sensitivity (net)	**(136)**	**136**	**14,825**	**(14,825)**
2016				
Variable rate instruments	2,443	(2,443)	–	–
Interest rate swaps	–	–	16,116	(16,116)
Cash flow sensitivity (net)	2,443	(2,443)	16,116	(16,116)

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26. Financial risk management (continued)

d) Fair value

Fair value versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	Fair value hierarchy	2017 Carrying amount USD'000	2017 Fair value USD'000	2016 Carrying amount USD'000	2016 Fair value USD'000
Assets carried at fair value					
Available-for-sale financial assets	**2**	**70,452**	**70,452**	57,339	57,339
Financial assets at fair value through profit or loss	**2**	**2,307**	**2,307**	3,305	3,305
Interest rate swaps used for hedging	**2**	**8,952**	**8,952**	–	–
Assets carried at amortised cost					
Trade and other receivables**		**1,218,037**	**–**	1,095,895	–
Cash and cash equivalents*		**1,483,679**	**–**	1,299,391	–
Liabilities carried at fair value					
Interest rate swaps used for hedging	**2**	**(89,453)**	**(89,453)**	(111,431)	(111,431)
Embedded derivative option	**2**	**(250,513)**	**(250,513)**	(173,480)	(173,480)
Liabilities carried at amortised cost					
Issued bonds	**1**	**(4,119,001)**	**(4,618,701)**	(4,524,844)	(4,783,315)
Convertible bonds	**2**	**(825,412)**	**(796,170)**	(803,075)	(814,013)
Bank loans*		**(2,609,656)**	**–**	(2,255,558)	–
Loans from non-controlling shareholders*		**(151,134)**	**–**	(13,233)	–
Finance lease liabilities*		**(33,775)**	**–**	(21,549)	–
Trade and other payables**		**(1,706,464)**	**–**	(1,587,252)	–

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

The fair value of foreign currency forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

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

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

The fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

27. Share capital

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

	2017 USD'000	2016 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

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Notes to the Consolidated Financial Statements continued

28. Reserves

Share premium

Share premium represents surplus received over and above the nominal cost of the shares issued to the shareholders and forms part of the shareholder equity. The reserve is not available for distribution except in circumstances as stipulated by the law.

Shareholders' reserve

Shareholders' reserve forms part of the distributable reserves of the Group.

Other reserves

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

	Hedging and other reserves USD'000	Actuarial reserve USD'000	Total other reserves USD'000
Balance as at 1 January 2016	(83,320)	(411,541)	(494,861)
Other comprehensive income, net of tax	(11,815)	(199,288)	(211,103)
Balance as at 31 December 2016	(95,135)	(610,829)	(705,964)
Balance as at 1 January 2017	**(95,135)**	**(610,829)**	**(705,964)**
Other comprehensive income, net of tax	**41,697**	**(895)**	**40,802**
Pension obligation borne by Parent Company	**91,281**	**–**	**91,281**
Balance as at 31 December 2017	**37,843**	**(611,724)**	**(573,881)**

Hedging and other reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedge transactions that have not yet occurred.

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations. This reserve also includes the unrealised fair value changes on available-for-sale investments.

Actuarial reserve

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

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It mainly includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

29. Interest bearing loans and borrowings

	2017 USD'000	2016 USD'000
Issued bonds*	**4,119,001**	4,524,844
Convertible bonds**	**825,412**	803,075
Bank loans	**2,609,656**	2,255,558
Loans from non-controlling shareholders	**151,134**	13,233
Finance lease liabilities	**33,775**	21,549
	7,738,978	7,618,259
of which:		
Classified as non-current	**7,437,270**	6,874,777
Classified as current	**301,708**	743,482
of which:		
Secured interest bearing loans and borrowings	**2,068,490**	1,461,405
Unsecured interest bearing loans and borrowings	**5,670,488**	6,156,854

29. Interest bearing loans and borrowings (continued)

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

	2017 USD'000	2016 USD'000
Balance at 1 January	**7,618,259**	7,670,278
Cash flow items		
Acquired through business combinations	**615,861**	–
Additional borrowings during the year	**290,361**	1,262,089
Proceeds from issue of bonds (2023 Sukuk)	**–**	1,200,000
Repayment of borrowings during the year	**(504,809)**	(1,287,412)
Redemption of issued bonds (2017 Sukuk)	**(387,300)**	(1,174,455)
Transaction cost paid on issuance of bonds (2023 Sukuk)	**–**	(10,505)
Other non-cash items		
Interest accretion on convertible bonds	**21,066**	20,110
Transaction cost on convertible bonds amortised during the year	**1,271**	1,166
Fair value adjustments and transaction cost on issued bonds amortised during the year	**(18,543)**	(20,280)
Translation adjustments	**102,812**	(42,732)
Balance at 31 December	**7,738,978**	7,618,259

* On 3 July 2017, the Group settled the remaining USD 387.3 million 6.25 percent 2017 Sukuk Trust Certificates.

** These 10 year USD 1 billion unsecured convertible bonds have an option of converting into 36.85 million ordinary shares of DP World Limited. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include an investor put option which can be exercised at par in June 2018 (Year 4) and in June 2021 (Year 7). There is also an issuer call option which can be exercised on or after July 2017 (Year 3), subject to a 130% trigger on the conversion price of USD 27.14.

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 12 and note 14). The deposits under lien amounting to USD 16,150 thousand (2016: USD 65,522 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 18).

At 31 December 2017, the undrawn committed borrowing facilities of USD 2,055,686 thousand (2016: USD 2,101,827 thousand) were available to the Group, in respect of which all conditions precedent had been met.

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

30. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve and translation reserve. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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Notes to the Consolidated Financial Statements continued

30. Capital management (continued)

The key performance ratios as at 31 December are as follows:

	2017 USD'000	2016 USD'000
Total interest-bearing loans and borrowings (refer to note 29)	**7,738,978**	7,618,259
Less: cash and cash equivalents (refer to note 18)	**(1,483,679)**	(1,299,391)
Total net debt	**6,255,299**	6,318,868
Total equity	**11,625,362**	9,519,685
Adjusted EBITDA (refer to note 4)	**2,469,034**	2,263,077
Net finance cost before separately disclosed items	**329,870**	338,110
Net debt/equity	**0.54**	0.66
Net debt/adjusted EBITDA	**2.53**	2.79
Interest cover before separately disclosed items (Adjusted EBITDA/net finance cost before separately disclosed items)	**7.48**	6.69

31. Operating leases

Operating lease commitments – Group as a lessee

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

	2017 USD'000	2016 USD'000
Within one year	**326,223**	305,993
Between one to five years	**1,273,277**	1,168,634
Between five to ten years	**1,195,744**	1,218,846
Between ten to twenty years	**1,833,876**	1,746,874
Between twenty to thirty years	**1,396,953**	1,294,886
Between thirty to fifty years	**1,134,517**	1,143,660
Between fifty to seventy years	**914,908**	1,027,867
More than seventy years	**800,551**	846,290
Total	**8,876,049**	8,753,050

The above operating leases (Group as a lessee) mainly consist of terminal operating leases arising out of concession arrangements which are long term in nature. In addition, there are also leases of plant, equipment and vehicles included above.

Operating lease commitments – Group as a lessor

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

	2017 USD'000	2016 USD'000
Within one year	**360,983**	335,327
Between one to five years	**816,391**	696,737
More than five years	**950,846**	791,775
Total	**2,128,220**	1,823,839

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods and at rental rates based on negotiations or prevailing market rates.

32. Capital commitments

	2017 USD'000	2016 USD'000
Estimated capital expenditure contracted for as at 31 December	**661,305**	732,378

33. Contingencies

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

	2017 USD'000	2016 USD'000
Performance guarantees	**86,920**	83,276
Payment guarantees	**36,533**	23,000
Letters of credit	**3,025**	2,395
Guarantees issued on behalf of equity-accounted investees	**25,837**	25,077
Total	**152,315**	133,748

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.

b) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 18,709 thousand (2016: 17,609 thousand), from Chennai Container Terminal Limited ("CCTL"), a subsidiary of the Company, on the basis that CCTL had failed to fulfil its obligations in respect of non-transhipment containers for a period of four consecutive years from 1 December 2003. CCTL had subsequently paid USD 9,996 thousand (2016: USD 9,408 thousand) under dispute in 2008. CCTL had initiated arbitration proceedings against CPT in this regard. The arbitral tribunal passed its award on November 26, 2012 ruling in favour of CCTL. However, CPT appealed against this order, which was upheld by Madras High Court on 8 January 2014 and accordingly a provision has been recognised against the above receivable. CCTL lodged an appeal before the Division Bench of Madras High Court along with a stay petition on 31 January 2014. The Appeal was taken up for hearing and admitted on 3 February 2014. CPT also made a statement before the Court that no further action would be taken by CPT against CCTL. The Court has admitted the matter and is pending for final hearing and disposal before the Division Bench of Madras High Court. During 2017, CPT raised further demands amounting to USD 35,615 thousand towards its obligations in respect of non-transhipment containers for the years 2008 to 2014. With this the cumulative demand as of 31 December 2017 amounts to USD 54,324 thousand. The Group is confident that the case will be in favour of CCTL.

34. Subsequent events

a) On 11 January 2018, the Group acquired Maritime World LLC, the 100% owner of Dubai Maritime City (DMC), for a purchase consideration of USD 180,000 thousand and 100% of Drydocks World LLC (Drydocks) by means of a capital injection of USD 225,000 thousand from the ultimate parent company, Dubai World Corporation.

b) On 22 February 2018, the Government of Djibouti illegally seized control of Doraleh Container Terminal S.A. The Group has commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation.

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