

# 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 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

#### IMPAIRMENT ASSESSMENT OF CARRYING VALUE OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Refer to notes 3 and 15 of the consolidated financial statements.

The Group has significant goodwill and intangible assets arising from the acquisition of businesses. The Group’s annual impairment testing on goodwill and intangible assets with indefinite useful lives is performed using free cash flow projections based on three year financial budgets approved by the Board and a further five year future forecasts estimated by the Group’s management. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability, 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 cash flows: We considered the Group’s procedures used to develop the forecasts and the principles and integrity of the Group’s discounted cash flow model and re-performed the calculations of the model results to test their mathematical accuracy. To challenge the reasonableness of those cash flow estimates, we assessed the historical accuracy of the Group’s forecasting activities and corroborated the forecasts with reference to publicly available information and other evidence that has been made available during the course of the audit. We also challenged other key inputs, such as the projected growth rate and terminal value growth rate.

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

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

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

### ACCOUNTING FOR BUSINESS ACQUISITIONS

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

During the year, the Group made a number of business acquisitions including Unico Logistics Co. Ltd., Transworld Group and syncreon Newco B.V.

For the acquisitions, in accordance with IFRS 3 – Business Combinations, the Group evaluates whether the acquisition meets the criteria of a business or an asset acquisition. For business acquisition, the accounting involves estimating the fair value of the assets and liabilities at the acquisition date, the identification and valuation of intangible assets and recognition of goodwill. These details are included in the purchase price allocation report provided by the management. Due to the inherent uncertainty involved in estimating and discounting future cash flows, there is a risk that these assumptions are inappropriate.

An assessment is required to be made as to the classification of an investment as a subsidiary, joint venture or associate based on whether the Group has determined to have control, joint control or significant influence respectively. This is particularly relevant at the time of each business acquisition.

#### OUR RESPONSE TO ADDRESS THE KEY AUDIT MATTER

Our procedures included:

We reviewed the assessment performed by the Group to conclude if the acquisition meets the criteria of a business or an asset acquisition. For the business 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 assumptions used in the fair value and purchase price allocation process as determined by the Group. Furthermore, we assessed the reasonableness of the method used in recognition of non-controlling interest as per IFRS 3 – Business Combinations.

We inspected the key terms in the share purchase agreements to assess the control classification of the investments as per IFRS 10 – Consolidated Financial Statements. We have checked that the purchase consideration is in accordance with the signed share purchase agreement. We agreed the consideration paid by comparing relevant amounts to bank records and considered the appropriateness of costs associated with the purchase. Furthermore, for contingent and deferred consideration, we have involved our specialists to assess the valuation of contingent consideration, whilst for deferred consideration we have reviewed the calculation of present value for reasonableness, including the discount rates used.

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

#### PROVISIONS IN RESPECT OF LITIGATION AND CLAIMS

Refer to notes 3 and 27 of the consolidated financial statements.

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

#### OUR RESPONSE TO ADDRESS THE KEY AUDIT MATTER

Our procedures included:

We obtained written representations from the Group’s legal counsel, made independent enquiries, discussed significant legal matters with Group management and obtained confirmations from the Group’s 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.

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## TO THE SHAREHOLDERS OF DP WORLD LIMITED

### TAXATION PROVISIONS

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

The Group operates in a number of tax jurisdictions whereby the Group has to estimate the tax effect of applying local legislation in light of the practices of the respective tax authorities, including the impact of cross border transactions and transfer pricing arrangements, which can be complex and uncertain and, therefore, involve significant judgment.

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 are at an amount materially different to the provision recognised.

### OUR RESPONSE TO ADDRESS THE KEY AUDIT MATTER

Our procedures included:

We have considered any large and/or unusual items affecting the effective tax rate and whether any current year items would result in an increased or reduced provision. We tested the Group's deferred tax provisions including the tax rates applied, for reasonableness.

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

### PENSIONS

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

The Group operates a number of defined benefit pension schemes. In accordance with IAS 19 – Employee Benefits, the valuation of the pension deficit requires significant judgement and technical expertise in making appropriate assumptions. Changes in a number of the key assumptions including estimated salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the net pension position. Due to the significance of the pension scheme obligations and the estimates and judgements inherent in the actuarial assumptions underpinning their valuation, we considered this to be an area of focus.

### OUR RESPONSE TO ADDRESS THE KEY AUDIT MATTER

Our procedures included:

The Group engages independent external actuaries to assist them in calculating the appropriate pension scheme position. We obtained the actuaries reports and, with the assistance of our pension specialists, assessed the estimated salary increases, discount and inflation rates used in calculating the pension scheme obligations 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.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP

### RICHARD ACKLAND

DFSA reference Number: IO12468  
Dubai, United Arab Emirates

10 March 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2021			Year ended 31 December 2020		
		Before separately disclosed items USD'000	Separately disclosed items (Note 9) USD'000	Total USD'000	Before separately disclosed items USD'000	Separately disclosed items (Note 9) USD'000	Total USD'000
<b>Revenue</b>	5	<b>10,777,988</b>	<b>–</b>	<b>10,777,988</b>	8,532,563	–	8,532,563
Cost of sales		(6,899,159)	(92,240)	(6,991,399)	(5,491,500)	–	(5,491,500)
<b>Gross profit</b>		<b>3,878,829</b>	<b>(92,240)</b>	<b>3,786,589</b>	3,041,063	–	3,041,063
General and administrative expenses		(1,759,439)	(44,847)	(1,804,286)	(1,208,947)	(77,520)	(1,286,467)
Other income		66,868	–	66,868	59,033	3,265	62,298
(Loss)/gain on disposal and change in ownership	9	–	(9,908)	(9,908)	–	115,089	115,089
Share of profit/(loss) from equity-accounted investees (net of tax)	17	152,017	(86,077)	65,940	121,551	(97,435)	24,116
<b>Results from operating activities</b>		<b>2,338,275</b>	<b>(233,072)</b>	<b>2,105,203</b>	2,012,700	(56,601)	1,956,099
Finance income	7	193,972	8,425	202,397	144,624	9,773	154,397
Finance costs	7	(941,284)	(20,746)	(962,030)	(982,865)	(44,433)	(1,027,298)
<b>Net finance costs</b>		<b>(747,312)</b>	<b>(12,321)</b>	<b>(759,633)</b>	(838,241)	(34,660)	(872,901)
<b>Profit before tax</b>		<b>1,590,963</b>	<b>(245,393)</b>	<b>1,345,570</b>	1,174,459	(91,261)	1,083,198
Income tax expense	8	(237,682)	53,706	(183,976)	(194,759)	53,563	(141,196)
<b>Profit for the year</b>		<b>1,353,281</b>	<b>(191,687)</b>	<b>1,161,594</b>	979,700	(37,698)	942,002
<b>Profit attributable to:</b>							
Owners of the Company		1,103,270	(207,270)	896,000	878,629	(32,238)	846,391
Non-controlling interests		250,011	15,583	265,594	101,071	(5,460)	95,611
		<b>1,353,281</b>	<b>(191,687)</b>	<b>1,161,594</b>	979,700	(37,698)	942,002

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

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2021 USD'000	2020 USD'000
<b>Profit for the year</b>		<b>1,161,594</b>	942,002
<b>Other comprehensive income (OCI)</b>			
<b>Items that are or may be reclassified to profit or loss:</b>			
Foreign exchange translation differences – foreign operations*		(228,305)	298,673
Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control		–	837
Share of other comprehensive (loss)/income of equity-accounted investees	17	(1,901)	7,823
Cash flow hedges – effective portion of changes in fair value		54,980	(83,489)
Cash flow hedges – reclassified to profit or loss		919	7,984
Related tax on other comprehensive income		(12,478)	4,837
<b>Items that will never be reclassified to profit or loss:</b>			
Re-measurements of post-employment benefit obligations and employees' end of service benefits		59,833	(33,265)
Related tax		(4,524)	178
<b>Other comprehensive income for the year, net of tax</b>		<b>(131,476)</b>	203,578
<b>Total comprehensive income for the year</b>		<b>1,030,118</b>	1,145,580
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		772,345	1,054,568
Non-controlling interests		257,773	91,012

\* 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 the Company's functional to presentation currency as it is pegged to the presentation currency.

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 USD'000	2020 USD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	13,052,932	13,063,653
Right-of-use assets	12	2,966,682	2,287,314
Investment properties	13	1,702,802	1,656,446
Intangible assets and goodwill	14	12,447,145	11,213,488
Investment in equity-accounted investees	17	2,249,442	2,253,538
Other investments		20,911	20,487
Deferred tax assets	8	115,149	51,107
Due from Parent Company	19	1,643,747	1,545,511
Accounts receivable and prepayments	20	892,627	754,821
<b>Total non-current assets</b>		<b>35,091,437</b>	32,846,365
<b>Current assets</b>			
Inventories	18	225,049	182,649
Properties held for development and sale	16	117,135	138,210
Due from Parent Company	19	3,295	962
Accounts receivable and prepayments	20	2,820,716	2,009,472
Bank balances and cash	21	3,917,739	2,142,110
Asset held for sale		8,642	22,590
<b>Total current assets</b>		<b>7,092,576</b>	4,495,993
<b>Total assets</b>		<b>42,184,013</b>	37,342,358
<b>Equity</b>			
Share capital	30	1,660,000	1,660,000
Share premium		2,472,655	2,472,655
Shareholders' reserve		2,000,000	2,000,000
Retained earnings		9,230,010	8,691,836
Translation reserve		(1,819,594)	(1,614,333)
Other reserves	31	(593,152)	(674,758)
<b>Equity attributable to owners of the Company</b>		<b>12,949,919</b>	12,535,400
Hybrid equity instrument	32	1,476,686	1,476,686
<b>Non-controlling interests</b>	25	<b>1,676,973</b>	1,388,423
<b>Total equity</b>		<b>16,103,578</b>	15,400,509
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	33	14,834,941	12,617,341
Lease and service concession liabilities	34	3,376,165	2,970,202
Loans from non-controlling shareholders	35	739,624	810,366
Accounts payable and accruals	24	406,748	306,451
Deferred tax liabilities	8	1,107,172	998,382
Employees' end of service benefits	22	213,833	191,395
Pension and post-employment benefits	23	258,184	353,252
<b>Total non-current liabilities</b>		<b>20,936,667</b>	18,247,389
<b>Current liabilities</b>			
Loans and borrowings	33	366,148	498,014
Lease and service concession liabilities	34	502,670	194,240
Loans from non-controlling shareholders	35	1,067	1,000
Accounts payable and accruals	24	4,026,887	2,758,892
Income tax liabilities	8	138,270	119,367
Pension and post-employment benefits	23	108,726	122,947
<b>Total current liabilities</b>		<b>5,143,768</b>	3,694,460
<b>Total liabilities</b>		<b>26,080,435</b>	21,941,849
<b>Total equity and liabilities</b>		<b>42,184,013</b>	37,342,358

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

The consolidated financial statements were authorised for issue on 10 March 2022.

**SULTAN AHMED BIN SULAYEM**  
Chairman and Chief Executive Officer

**YUVRAJ NARAYAN**  
Deputy Chief Executive Officer and Group Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Hybrid equity instrument USD'000	Non-controlling interests USD'000	Total equity USD'000
	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			
<b>Balance as at 1 January 2020</b>	4,132,655	2,000,000	8,179,779	(1,904,817)	(592,451)	11,815,166	-	1,032,052	12,847,218
Profit for the period	-	-	846,391	-	-	846,391	-	95,611	942,002
Other comprehensive income, net of tax	-	-	-	290,484	(82,307)	208,177	-	(4,599)	203,578
<b>Transactions with owners, recognised directly in equity</b>									
Dividends paid (refer to note 10)	-	-	(332,000)	-	-	(332,000)	-	-	(332,000)
Change in ownership of subsidiaries without loss of control	-	-	(2,334)	-	-	(2,334)	-	2,234	(100)
<b>Transactions with non-controlling interests, recognised directly in equity</b>									
Dividends paid	-	-	-	-	-	-	-	(120,709)	(120,709)
Contributions by non-controlling interests	-	-	-	-	-	-	-	45,591	45,591
Non-controlling interests created on acquisition of subsidiaries	-	-	-	-	-	-	-	338,243	338,243
<b>Hybrid equity instruments</b>									
Net proceeds from issuance (refer to note 32)	-	-	-	-	-	-	1,476,686	-	1,476,686
<b>Balance as at 31 December 2020</b>	4,132,655	2,000,000	8,691,836	(1,614,333)	(674,758)	12,535,400	1,476,686	1,388,423	15,400,509
<b>Balance as at 1 January 2021</b>	4,132,655	2,000,000	8,691,836	(1,614,333)	(674,758)	12,535,400	1,476,686	1,388,423	15,400,509
Profit for the period	-	-	896,000	-	-	896,000	-	265,594	1,161,594
Other comprehensive income, net of tax	-	-	-	(205,261)	81,606	(123,655)	-	(7,821)	(131,476)
<b>Transactions with owners, recognised directly in equity</b>									
Dividends declared (refer to note 10)	-	-	(219,700)	-	-	(219,700)	-	-	(219,700)
Change in ownership of subsidiaries without loss of control	-	-	(6,303)	-	-	(6,303)	-	6,303	-
<b>Transactions with non-controlling interests, recognised directly in equity</b>									
Dividends paid	-	-	-	-	-	-	-	(70,214)	(70,214)
Contributions by non-controlling interests	-	-	-	-	-	-	-	11,045	11,045
Non-controlling interests created on acquisition of subsidiaries	-	-	-	-	-	-	-	83,643	83,643
Put option arrangement recognised (refer to note 26 (a))	-	-	(41,823)	-	-	(41,823)	-	-	(41,823)
<b>Hybrid equity instruments</b>									
Distribution to hybrid equity instrument holders	-	-	(90,000)	-	-	(90,000)	-	-	(90,000)
<b>Balance as at 31 December 2021</b>	4,132,655	2,000,000	9,230,010	(1,819,594)	(593,152)	12,949,919	1,476,686	1,676,973	16,103,578

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 USD'000	2020 USD'000
<b>Cash flows from operating activities</b>			
Profit for the year		1,161,594	942,002
<i>Adjustments for:</i>			
Depreciation and amortisation	6	1,489,282	1,306,755
Impairment loss	6	107,842	7,782
Share of profit from equity-accounted investees (net of tax)		(65,940)	(24,116)
Finance costs	7	962,030	1,027,298
Gain on sale of property, plant and equipment		(22,852)	(2,417)
Loss/(gain) on disposal and change in ownership	9	9,908	(115,088)
Finance income	7	(202,397)	(154,397)
Income tax expense	8	183,976	141,196
<b>Gross cash flows from operations</b>		3,623,443	3,129,015
<i>Changes in:</i>			
Inventories		(25,799)	(20,403)
Accounts receivable and prepayments		(412,247)	(34,299)
Accounts payable and accruals		514,993	(218,060)
Properties held for development and sale		122	3,363
Provisions, pensions and post-employment benefits		(8,679)	41,411
<b>Cash generated from operating activities</b>		3,691,833	2,901,027
Income taxes paid		(245,859)	(216,665)
<b>Net cash from operating activities</b>		3,445,974	2,684,362
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	11	(1,092,024)	(945,149)
Additions to investment properties	13	(23,949)	(66,452)
Additions to port concession assets	14	(276,858)	(64,428)
Proceeds from disposal of assets		222,351	33,309
Proceeds from disposal of shares in subsidiary		3,350	-
Net cash outflow on acquisition of subsidiaries		(1,000,856)	(276,585)
Advance proceeds from sale of non-controlling interest in a subsidiary	27	204,481	-
Advance paid for purchase of investments		-	(59,604)
Net cash outflow on acquisition of group of assets from related parties		(199,192)	-
Interest received		37,427	45,190
Dividends received from equity-accounted investees	17	122,600	57,466
Additional investment in equity-accounted investees		(94,027)	(108,151)
Loans repaid by equity-accounted investees		10,418	-
(Increase)/decrease in restricted cash		(858,202)	12,922
<b>Net cash used in investing activities</b>		(2,944,481)	(1,371,482)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	33	(828,016)	(2,522,039)
Drawdown of loans and borrowings	33	2,742,542	1,870,540
Repayment of loan from non-controlling shareholders		(58,574)	(46,014)
Drawdown of loan from non-controlling shareholders		16,986	89,379
Net proceeds from issuance of hybrid equity instrument		-	1,476,686
Distribution to hybrid equity instrument holders		(90,000)	-
Loan given to Parent Company		-	(1,500,000)
Payment of lease liabilities	34(a)	(539,098)	(379,825)
Interest paid		(678,114)	(697,685)
Dividends paid to the owners of the Company	10	(44,100)	(332,000)
Net cash outflow on acquisition of additional interest in subsidiaries		-	(100)
Contribution by non-controlling interests		11,045	45,591
Dividend paid to non-controlling interests		(70,214)	(120,709)
<b>Net cash from/(used in) financing activities</b>		462,457	(2,116,176)
<b>Net increase/(decrease) in cash and cash equivalents</b>		963,950	(803,296)
Cash and cash equivalents as at 1 January		2,091,766	2,880,093
Effect of exchange rate fluctuations on cash held		(46,523)	14,969
<b>Cash and cash equivalents as at 31 December</b>	21	3,009,193	2,091,766

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

DP World Limited (“the Company”, formerly DP World PLC) was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre (“DIFC”) under the DIFC Companies Law. The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, maritime transport, industrial parks, economic zones, supply chain solutions, logistics services, associated land development and investment in innovative technology-driven trade solutions.

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

On 23 March 2020, the Company published a scheme circular in connection with the recommended cash offer by Port & Free Zone World FZE for the entire issued and to be issued ordinary share capital of the Company, other than the Company shares already owned by or on behalf of the Parent Company to be implemented by means of a scheme of arrangement. On 22 June 2020, the scheme became effective and DP World PLC was delisted from Nasdaq Dubai on 23 June 2020. Effective 5 July 2020, DP World PLC has been re-registered as a private company and the name of the company has been changed to “DP World Limited”. DP World Limited is now 100% owned by Port & Free Zone World FZE.

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”) as published by International Accounting Standards Board (IASB) and the applicable provisions of the DIFC Companies Law.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments, contingent consideration and plan assets in defined pension plans which are measured at fair value.

### A) USE OF ESTIMATES AND JUDGEMENTS

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

- i. Estimate of expected future cash flows and discount rates for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
- ii. 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.
- iii. Estimates of cost to complete the projects for the purpose of valuation of the properties held for development and sale and investment properties under construction.
- iv. Estimate to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.
- v. Estimate to measure expected credit losses for financial assets.
- vi. Estimate required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
- vii. Judgement in calculating the appropriate discount rate and lease term.
- viii. Judgement is required in determine whether or not a contract contains a lease.
- ix. Judgement is required on recognition of an identifiable intangible asset separate from goodwill in case of business combination at its estimated fair value. This is based on information available and management’s expectations on the date of acquisition.
- x. Judgement is required in determining the worldwide provision for income taxes.

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

## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### A) USE OF ESTIMATES AND JUDGEMENTS CONTINUED

Management has also reassessed significant judgements, estimates and assumptions primarily due to the current economic uncertainties arising from the outbreak of the Novel Coronavirus (COVID-19) as outlined below:

#### COVID-19

Supply chain congestion, which started at the end of 2020, worsened during the year and spread across all geographies, with North America, China and Europe hardest hit. This impacted operators in most sectors globally, including continued labour shortages, slower operations due to COVID-19 compliance, off-schedule vessel arrival, higher exchanges and yard congestion from longer dwelling empties. The Ferries business has faced a challenging trading environment during the year given the lockdown in UK and Europe, resulting in reduced passenger activity, but we continue to transport critical cargo for consumers.

Yet in the face of adversity, resilience and imagination are key. Supply chain disruption has resulted in greater demand from cargo owners for customised solutions and the Group’s logistics team worked closely with customers to provide improved transport connectivity. The Group has been proactively managing the flow at its facilities and implemented various initiatives, working closely with customers to better plan and manage berth hours and container exchange. This has resulted in limited disruption at the Group’s terminals and allowed for cargo to move efficiently. As part of the Group’s strategy to participate across the supply chain to reduce inefficiencies and connect directly with owners of cargo, the Group continued to invest in Logistics and Maritime sector during the year. By integrating the new acquisitions and investing in innovation and technology, the Group continued to assist customers who were struggling with logistics amid the COVID-19 pandemic.

There has been no significant direct impact observed on the Group’s profitability attributed specifically to COVID-19 in the current period. The Group is monitoring all capex closely, has implemented expansive cost control initiatives across all units, is seeking all possible revenue opportunities throughout the business to promote cash preservation and keeping a close watch on receivables. The Group has not observed any significant changes to debtor days as compared to the previous year.

#### NOTE ON IMPAIRMENT REVIEW

IAS 36 Impairment of Assets requires that goodwill and intangible assets with indefinite lives are tested for impairment at a minimum every year and other non-financial assets are tested only when there are indicators of impairment that these assets might be impaired.

In the current year, given the impact of COVID-19 pandemic, the Group has updated the assumptions (discount rates and growth rates) and future cash flow projections to test for impairment reflecting the increased level of risk and uncertainty. The value in use of each cash-generating units (“CGU”) is compared to the carrying amount to assess any probable impairment.

The value in use is calculated using cash flow projections based on the revised financial budgets 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.

Refer note 15 for further details.

### B) NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### PHASE 2 AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16 – INTEREST RATE BENCHMARK (IBOR) REFORM

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’). The Group has exposures to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Group has put in place a plan to oversee the approach to LIBOR transition in coordination with international developments. The transition has implications for the Group’s borrowing and its stakeholders ranging from legal, financial, technical and operational considerations. The Group has undertaken IBOR transition and have applied the Phase 2 amendments in 2021.

Other amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16 which are effective from 1 January 2021 did not result in any change to Group’s accounting policies or accounting adjustments. The Group has not early adopted any new amended standards that are not yet effective as at 31 December 2021.

# NOTES TO THE CONSOLIDATED 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 Group accounts for business combinations (including common control transactions) using the acquisition method when the acquired set of activities and assets meets the definition of a 'business' and 'control' is transferred to the Group.

The consideration (including contingent consideration) transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs incurred for business combinations are expensed as incurred.

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

#### II. BUSINESS COMBINATION ACHIEVED IN STAGES

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

#### III. CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

Changes in the Group's interests in a subsidiary that does not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid or received and relevant shares acquired or disposed off in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

#### IV. DISPOSAL OF SUBSIDIARIES (LOSS OF CONTROL)

On the loss of control, the Group derecognises the subsidiary and recognises any surplus or deficit arising on the loss of control in the consolidated statement of profit or loss. Any retained interest is re-measured at fair value on the date control is lost and is subsequently accounted as an equity-accounted investee or as a fair value through other comprehensive income (FVOCI) equity instrument depending on the level of influence retained.

#### V. NON-CONTROLLING INTERESTS

For each business combination, the Group elects to measure any non-controlling interests (NCI) either at their proportionate share of the acquiree's identifiable net assets at the date of acquisition or at its fair value.

Where a put option is held by a non-controlling interest in a subsidiary, whereby that party can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, but the NCI retain present access to the results of the subsidiary, the Group applies the present access method of accounting to this arrangement. The Group recognises a put option liability at its discounted fair value, being the Group's estimate of the amount required to settle that liability with a corresponding reserve in equity. Any subsequent remeasurements of put option liability due to changes in the fair value of the put liability estimation are recognised in the equity and not in the consolidated statement of profit or loss.

#### VI. STRUCTURED ENTITIES

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities of these entities are directed by means of contractual arrangements. The Group has established various structured entities for issuing various sukuk certificates and subordinated perpetual certificates. The Group does not have any direct or indirect shareholding in these entities. The Group controls and consolidates these structured entities as it is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### A) BASIS OF CONSOLIDATION CONTINUED

#### VII. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

#### VIII. TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

### B) FOREIGN CURRENCY

#### I. FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company is UAE Dirhams. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which it operates (functional currency). These consolidated financial statements are presented in US dollar ("USD"), which is the Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### II. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future.

#### III. FOREIGN OPERATIONS

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

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

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income, to the extent that the hedge is effective.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### C) FINANCIAL INSTRUMENTS

#### I. NON-DERIVATIVE FINANCIAL ASSETS

##### Classification, initial recognition and measurement

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

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

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

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

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

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

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

##### Derecognition of financial assets

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

#### II. NON-DERIVATIVE FINANCIAL LIABILITIES

##### Classification, initial recognition and measurement

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

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

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

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

##### Convertible bond

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

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### C) FINANCIAL INSTRUMENTS CONTINUED

#### III. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

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

##### Initial recognition

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

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

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

##### Subsequent measurement

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

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

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

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

##### Derecognition

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to the consolidated statement of profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### D) PROPERTY, PLANT AND EQUIPMENT

#### I. RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 3(L)(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 are 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	1 – 25
Vessels	5 – 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.

## 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 – 50
Infrastructure	5 – 50

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

#### F) LAND USE RIGHTS

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

#### G) GOODWILL

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

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

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

#### H) PORT CONCESSION RIGHTS AND OTHER INTANGIBLE ASSETS

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).

##### I. PORT CONCESSION RIGHTS CONSIST OF:

###### a. 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(L)(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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### H) PORT CONCESSION RIGHTS AND OTHER INTANGIBLE ASSETS CONTINUED

#### I. PORT CONCESSION RIGHTS CONSIST OF: CONTINUED

##### a. 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.

##### b. Port concession rights arising on entering into concession contracts

Any amounts paid by the operator to the grantor as a consideration for obtaining the rights relating to concession arrangements are accounted as part of service concession assets, and they are amortised over the life of the concession period on straight line basis.

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.

#### II. ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS (IFRIC 12)

The Group recognises assets 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 controls any significant residual interest in the infrastructure such as property, plant and equipment, existing infrastructure of the grantor, the infrastructure constructed or purchased by the Group as part of the service concession arrangement. Nine of the Group's seaport terminals in emerging markets are accounted as service concession arrangements.

Any amounts paid by the operator to the grantor as a consideration for obtaining the rights relating to concession arrangements are accounted as part of service concession assets, and they are amortised over the life of the concession period on straight line basis.

Service concession assets 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 service concession assets 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 service concession assets range within a period of 15 – 50 years.

#### III. CUSTOMER RELATIONSHIPS

Customer relationships are recognized at fair value in business combinations at the date of acquisition. Customer relationships are amortised on a straight-line basis over the useful economic life and assessed for impairment, whenever there is an indication for impairment. The amortisation period and amortisation method are reviewed at least once every financial year.

The estimated useful lives for customer relationships range within a period of 15 – 20 years.

### I) PROPERTIES HELD FOR DEVELOPMENT AND SALE

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### I) PROPERTIES HELD FOR DEVELOPMENT AND SALE CONTINUED

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

### J) INVENTORIES

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

### K) LEASES

#### I. GROUP AS A LESSEE

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### K) LEASES CONTINUED

#### II. GROUP AS A LESSOR

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

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

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

### L) IMPAIRMENT

#### I. NON-FINANCIAL ASSETS

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

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

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

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

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

#### II. IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### L) IMPAIRMENT CONTINUED

#### II. IMPAIRMENT OF NON-DERIVATIVE FINANCIAL ASSETS CONTINUED

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

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

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

### M) 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.

Judgment is required in determining whether uncertainty in pension schemes results in recognition of liability or contingent liability.

#### 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.

### N) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### O) HYBRID EQUITY INSTRUMENT

The subordinated perpetual certificates (“hybrid bond”) issued by the Group incorporate options for redemption at the initiative of the Company. These options may be exercised after a minimum period that depends on the specific terms of the issue, and subsequently at each coupon date or in the event of highly specific circumstances. The annual coupon rate is fixed and reviewable based on contractual clauses that vary according to the specific terms of the issuance. There is no contractual obligation for the Company to make any profit payment, due to the existence of contractual clauses entitling it to defer payment indefinitely. However, those clauses stipulate that any deferred payments must be made in the event of a dividend distribution to the shareholders. All these features give the Company an unconditional right to avoid paying out cash or another financial asset for the principal or profit. Consequently, in compliance with IAS 32, these subordinated perpetual bonds are recorded as hybrid equity instrument, net of transaction costs and any coupon payment made is treated as dividends (refer to note 32).

### P) REVENUE

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

The Group’s revenue mainly consists of port related services (containerised stevedoring, break bulk and general cargo), service concession revenue, lease rentals, drydocking, maritime and logistics services and revenue from sale of plots of land.

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

#### I. RENDERING OF PORT RELATED SERVICES

The Group’s revenue mainly consists of port related services (containerised stevedoring, break bulk, general cargo, and marine services) which are generally carried out in a short span of time. These port related services are contracted with the customers as a single transaction. These port related services have high degree of integration and accordingly, constitute a single distinct performance obligation for the Group. Revenue from these services is recognised at the point in time when the services are rendered to the customer and are usually payable within 30 to 45 days.

The Group also provides container storage services at the request of the customer based on the usage period in the storage yard which constitute a separate distinct performance obligation. Revenue from container storage services is recognised over a period of storage days and are usually payable within 30 to 45 days.

For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities in certain jurisdictions or agreed rates with the customers.

#### II. SERVICE CONCESSION ARRANGEMENTS

Revenues relating to construction contracts which are entered into with government authorities for the construction of the infrastructure necessary for the provision of services are measured at the fair value of the consideration received or receivable. Revenue from service concession arrangements is recognised based on the fair value of construction work performed at the reporting date. The Group recognises revenue and costs relating to construction services over a period of time by reference to the stage of completion of the contract using the input method.

#### III. LEASE RENTALS AND SERVICES FROM ECONOMIC ZONES

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

Revenue from administrative service, license and registration is recognised at the point in time when the services are rendered to the customer.

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### P) REVENUE CONTINUED

#### IV. REVENUE FROM DRYDOCKING SERVICES

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

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

Revenue from ship lifting, docking and undocking of vessels is recognised at the point in time when the customer consumes and takes the benefit of the services.

#### V. REVENUE FROM MARITIME AND LOGISTICS SERVICES

Revenue represents the amounts derived from the operation of ferry services, voyage freight income, freight forwarding income, road transport services, warehousing revenue, marine charter revenue and income from mobilisation or demobilisation of marine vessels.

Revenue from ferrying tourists and ferry freight traffic is recognised on disembarkment of the relevant sailing. Road transport revenue is recognised at the point of delivery of the load.

Voyage freight income is recognised as the freight services are rendered and is determined using the load to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date.

Freight forwarding revenue is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages at the balance sheet date.

Road transport services and warehousing revenue are recognized over a period of time as the performance obligation is satisfied, percentage completion method is used to determine the progress of asset being transferred to the customer.

Revenue from marine charter is recognised on a straight line basis over the period of the lease. Income generated from the mobilisation or demobilisation of the vessel, under the vessel charter agreement, is recognised over the period of the related charter party contract.

Transaction price and payment terms are based on the contracts with the customers.

#### VI. REVENUE FROM SALE OF PLOTS OF LAND

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

### Q) 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)(III)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### R) INCOME TAX

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax reflects the manner of recovery of underlying assets and is measured at the prevailing tax rates that are expected to be applied to the temporary differences when they reverse.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed periodically and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

### S) 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.

### T) SEPARATELY DISCLOSED ITEMS

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

## 4. SEGMENT INFORMATION

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

- Asia Pacific and India
- Australia and Americas
- Middle East, Europe and Africa

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.

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.

The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA"). Although this is a non-IFRS measure, this will provide additional information to the users of the consolidated financial statements.

The Chief Operating Decision Maker also monitors certain key performance ratios from the perspective of capital management which are disclosed in note 36.

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 and right of assets added under IFRS 16 – Leases.

## 4. SEGMENT INFORMATION CONTINUED

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

	Asia Pacific and India		Australia and Americas		Middle East, Europe and Africa		Head office		Total	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Revenue	1,920,817	793,250	2,215,346	1,713,277	6,641,825	6,026,036	–	–	10,777,988	8,532,563
Adjusted EBITDA	728,668	362,782	806,818	590,228	2,739,647	2,595,521	(447,576)	(229,076)	3,827,557	3,319,455
Finance income*	–	–	–	–	–	–	193,972	144,624	193,972	144,624
Finance costs*	–	–	–	–	–	–	(941,284)	(982,865)	(941,284)	(982,865)
Tax expense*	–	–	–	–	–	–	(237,682)	(194,759)	(237,682)	(194,759)
Depreciation and amortisation	(219,380)	(116,196)	(297,751)	(270,965)	(962,318)	(913,277)	(9,833)	(6,317)	(1,489,282)	(1,306,755)
Adjusted net profit/(loss) before separately disclosed items	509,288	246,586	509,067	319,263	1,777,329	1,682,244	(1,442,403)	(1,268,393)	1,353,281	979,700
Adjusted for separately disclosed items	(6,122)	(2,425)	(106,795)	8,425	(120,155)	(58,497)	41,385	14,799	(191,687)	(37,698)
Profit/(loss) for the year	503,166	244,161	402,272	327,688	1,657,174	1,623,747	(1,401,018)	(1,253,594)	1,161,594	942,002

\* Net finance cost and tax expense (before separately disclosed items) from various geographical locations and head office have been grouped under head office.

	Asia Pacific and India		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Segment assets	5,357,164	4,670,735	9,106,039	7,144,104	25,419,756	25,248,987	22,418,393	17,219,567	(20,117,339)	(16,941,035)	42,184,013	37,342,358
Segment liabilities	1,183,298	600,719	3,472,570	2,693,965	12,761,353	10,020,425	17,003,481	13,853,444	(9,585,709)	(6,344,453)	24,834,993	20,824,100
Tax liabilities*	–	–	–	–	–	–	1,245,442	1,117,749	–	–	1,245,442	1,117,749
Total liabilities	1,183,298	600,719	3,472,570	2,693,965	12,761,353	10,020,425	18,248,923	14,971,193	(9,585,709)	(6,344,453)	26,080,435	21,941,849
Capital expenditure	136,788	162,485	228,326	190,812	944,945	663,850	82,772	58,882	–	–	1,392,831	1,076,029
Share of profit of equity-accounted investees before separately disclosed items	92,279	84,178	7,293	7,825	52,445	29,548	–	–	–	–	152,017	121,551
<b>Revenue</b> <i>(refer to note 5)</i>												
Revenue from ports and terminals	577,191	433,976	1,907,267	1,489,360	3,058,475	2,577,515	–	–	–	–	5,542,933	4,500,851
Drydocking, maritime and logistics services	1,343,626	359,274	308,079	223,917	2,968,668	2,796,919	–	–	–	–	4,620,373	3,380,110
Lease rentals and services from economic zones	–	–	–	–	569,757	558,984	–	–	–	–	569,757	558,984
Revenue from sale of plots of land	–	–	–	–	44,925	92,618	–	–	–	–	44,925	92,618
<b>Total revenue</b>	1,920,817	793,250	2,215,346	1,713,277	6,641,825	6,026,036	–	–	–	–	10,777,988	8,532,563
<b>Timing of revenue recognition</b>												
At a point in time	543,166	412,745	1,748,709	1,387,670	2,897,167	2,535,147	–	–	–	–	5,189,042	4,335,562
Over time	1,377,651	380,505	466,637	325,607	3,744,658	3,490,889	–	–	–	–	5,588,946	4,197,001
<b>Total revenue</b>	1,920,817	793,250	2,215,346	1,713,277	6,641,825	6,026,036	–	–	–	–	10,777,988	8,532,563

\* Tax liabilities from various geographical locations have been grouped under head office.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. REVENUE

	2021 USD'000	2020 USD'000
<i>Revenue consists of:</i>		
Revenue from ports and terminals	5,542,933	4,500,851
Drydocking, maritime and logistics services	4,620,373	3,380,110
Lease rentals and services from economic zones	569,757	558,984
Revenue from sale of plots of land	44,925	92,618
<b>Total</b>	<b>10,777,988</b>	<b>8,532,563</b>

For geographical segmentation of revenue refer to note 4.

The above revenue includes revenue from contracts with customers under IFRS 15 amounting to USD 9,010,737 thousand (2020: USD 7,338,919 thousand).

26.8% (2020: 29.3%) of the Group's revenue is derived from the top ten customers. All the customers in the Group individually contribute less than 10 per cent of the Group's total revenue.

## 6. PROFIT FOR THE YEAR

	2021 USD'000	2020 USD'000
<i>Profit for the year is stated after charging the following costs:</i>		
Staff costs	2,137,381	1,920,038
Depreciation and amortisation	1,489,282	1,306,755
Impairment loss (refer to note 9)	107,842	7,782

## 7. FINANCE INCOME AND COSTS

	2021 USD'000	2020 USD'000
<b>Finance income</b>		
Interest income*	153,824	115,230
Exchange gains	40,148	29,394
<b>Finance income before separately disclosed items</b>	<b>193,972</b>	<b>144,624</b>
Separately disclosed items (refer to note 9)	8,425	9,773
<b>Finance income after separately disclosed items</b>	<b>202,397</b>	<b>154,397</b>
<b>Finance costs</b>		
Interest expense on loans and borrowings**	(685,675)	(710,415)
Interest expense on lease liabilities	(186,816)	(168,562)
Exchange losses	(64,107)	(97,048)
Other net financing expense in respect of pension plans	(4,686)	(6,840)
<b>Finance costs before separately disclosed items</b>	<b>(941,284)</b>	<b>(982,865)</b>
Separately disclosed items (refer to note 9)	(20,746)	(44,433)
<b>Finance costs after separately disclosed items</b>	<b>(962,030)</b>	<b>(1,027,298)</b>
<b>Net finance costs before separately disclosed items</b>	<b>(747,312)</b>	<b>(838,241)</b>
Separately disclosed items	(12,321)	(34,660)
<b>Net finance costs after separately disclosed items</b>	<b>(759,633)</b>	<b>(872,901)</b>

\* This includes interest income of USD 98,252 thousand (2020: USD 45,774 thousand) on loan given to Parent Company.

\*\* This includes interest expense of USD 30,837 thousand (2020: USD 43,626 thousand) on loans from non-controlling shareholders.

## 8. INCOME TAX

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

	2021 USD'000	2020 USD'000
<b>Current tax expense</b>		
Current year	271,696	211,793
Change in estimates related to prior years	1,217	(7,359)
	272,913	204,434
<b>Deferred tax credit</b>	<b>(88,937)</b>	<b>(63,238)</b>
<b>Income tax expense</b>	<b>183,976</b>	<b>141,196</b>
Share of income tax of equity-accounted investees	51,646	52,051
<b>Total tax expense</b>	<b>235,622</b>	<b>193,247</b>
<b>Tax recognised in statement of other comprehensive income and retained earnings</b>		
Current tax in OCI	832	891
Deferred tax in OCI	(17,834)	5,963
<b>Total</b>	<b>(17,002)</b>	<b>6,854</b>
<b>Income tax balances included in the consolidated statement of financial position:</b>		
Income tax receivable (included within accounts receivable and prepayments)	25,387	10,351
Income tax liabilities	138,270	119,367

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

	2021 USD'000	2020 USD'000
Net profit before tax	1,345,570	1,083,198
Tax at the Company's domestic rate of 0% (2020: 0%)	–	–
Effect of tax rates in foreign jurisdictions	280,720	190,887
Net tax losses (utilized)/incurred, on which deferred tax is not recognised	(66,788)	19,878
Tax charge of equity-accounted investees	51,646	52,051
Effect of tax rate changes on deferred tax	74,982	20,990
Deferred tax in respect of fair value adjustments	(64,671)	(21,536)
Others	9,056	(21,223)
<b>Tax expense before prior year adjustments</b>	<b>284,945</b>	<b>241,047</b>
Change in estimates related to prior years:		
– current tax	1,217	(7,359)
– deferred tax	(50,540)	(40,441)
<b>Total tax expense</b>	<b>(A) 235,622</b>	<b>193,247</b>
Adjustment for separately disclosed items (refer to note 9)	53,706	53,563
<b>Total tax expense from operations before separately disclosed items</b>	<b>(B) 289,328</b>	<b>246,810</b>
Net profit before tax	1,345,570	1,083,198
Adjustment for share of income tax of equity-accounted investees	51,646	52,051
Adjusted profit before tax	(C) 1,397,216	1,135,249
Adjustment for separately disclosed items	245,393	91,261
<b>Adjusted profit before tax and before separately disclosed items</b>	<b>(D) 1,642,609</b>	<b>1,226,510</b>
<b>Effective tax rate</b>	<b>(A/C) 16.86%</b>	<b>17.02%</b>
<b>Effective tax rate before separately disclosed items</b>	<b>(B/D) 17.61%</b>	<b>20.12%</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INCOME TAX CONTINUED

### GROUP TAX RATES

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

Geographical segments	Applicable corporate tax rate
Asia Pacific and India	10% to 34.9%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 35.0%

Movement in temporary differences during the year:

	1 January 2021 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 2021 USD'000
<i>Deferred tax liabilities</i>					
Property, plant and equipment	240,964	39,473	3,002	(5,657)	277,782
Investment in equity-accounted investees	26,173	2,397	101	(248)	28,423
Fair value of acquired intangibles	596,626	(4,992)	101,044	(9,111)	683,567
Financial instruments	(7,173)	(5,150)	15,249	3,944	6,870
Others	216,995	14,746	(2,903)	10,757	239,595
<b>Total before set off</b>	<b>1,073,585</b>	<b>46,474</b>	<b>116,493</b>	<b>(315)</b>	<b>1,236,237</b>
<b>Set off of deferred tax asset against liabilities</b>	<b>(75,203)</b>				<b>(129,065)</b>
<b>Net deferred tax liabilities</b>	<b>998,382</b>				<b>1,107,172</b>
<i>Deferred tax assets</i>					
Pension and post-employment benefits	32,389	2,899	170	(7,308)	28,150
Provisions	13,947	4,523	1,129	460	20,059
Tax value of losses carried forward recognised	79,974	123,978	5,326	(13,273)	196,005
<b>Total before set off</b>	<b>126,310</b>	<b>131,400</b>	<b>6,625</b>	<b>(20,121)</b>	<b>244,214</b>
<b>Set off of deferred tax asset against liabilities</b>	<b>(75,203)</b>				<b>(129,065)</b>
<b>Net deferred tax assets</b>	<b>51,107</b>				<b>115,149</b>

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

Deferred tax assets have not been recognised by some of the subsidiaries on their trading losses where there is insufficient certainty as to their utilisation, either because they have not been agreed with tax authorities, or uncertainties of future profits or the impact of tax holidays. The Group continuously reviews these unrecognised tax losses and will consider recognising them as deferred tax asset in future depending on the assessed likelihood of utilisation.

	2021			2020		
	Gross amount USD'000	Tax effect USD'000	Expiry date	Gross amount USD'000	Tax effect USD'000	Expiry date
Trading losses – expire	76,546	12,896	2022 – 2027	77,120	18,493	2021 – 2026
	85,605	13,812	2028 – 2039	64,446	17,556	2027 – 2038
	5,318	1,524	2040 – 2041	4,749	1,377	2039 – 2040
Trading losses – never expire	1,144,117	302,532		1,431,067	401,581	
Capital losses – never expire	278,423	53,944		231,128	43,930	

## 9. SEPARATELY DISCLOSED ITEMS

	2021 USD'000	2020 USD'000
<b>Cost of sales</b>		
Impairment of assets	(92,240)	–
<b>General and administrative expenses</b>		
Restructuring costs	(2,497)	(57,361)
Acquisition costs	(26,748)	(8,272)
Impairment of assets	(15,602)	(7,782)
Guaranteed minimum pension costs	–	(4,105)
<b>Other income</b>	–	3,265
<b>Share of loss from equity-accounted investees</b>	<b>(86,077)</b>	<b>(97,435)</b>
<b>(Loss)/gain on disposal and change in ownership</b>	<b>(9,908)</b>	<b>115,089</b>
<b>Finance income</b>	<b>8,425</b>	<b>9,773</b>
<b>Finance costs</b>	<b>(20,746)</b>	<b>(44,433)</b>
<b>Income tax</b>	<b>53,706</b>	<b>53,563</b>
<b>Total</b>	<b>(191,687)</b>	<b>(37,698)</b>

- **Cost of sales** includes impairment of assets in a subsidiary in the 'Middle East, Europe and Africa' region, mainly relating to port equipment due to change in the business model.

### GENERAL AND ADMINISTRATIVE EXPENSES:

- Restructuring costs mainly relate to severance pay associated with redundancies in a subsidiary in 'Australia and Americas' region. (2020: mainly related to severance pay associated with redundancies resulting from the impact of COVID-19 on tourist business in a subsidiary in the 'Middle East, Europe and Africa' region and in the 'Australia and Americas' region).
- Acquisition costs represent USD 26,748 thousand (2020: USD 8,272 thousand) of advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group.
- Impairment of assets relates to USD 15,602 thousand in subsidiaries in the 'Middle East, Europe and Africa' region (2020: USD 7,782 thousand in the 'Middle East, Europe and Africa' region and 'Australia and Americas' region).
- Guaranteed minimum pension (GMP) costs 2021: Nil. (2020: related to additional costs arising in respect of GMP based on a landmark High Court judgment confirming that UK pension schemes are required to equalise male and female members' benefits).

**Other income** 2021: Nil. (2020: mainly represented an insurance claim in the 'Middle East, Europe and Africa' region).

**Share of loss from equity-accounted investees** relates to the Group's share of expenses in technology ventures in the 'Australia and Americas' region. (2020: related to ineffective hedge in an investee in the 'Middle East, Europe and Africa' region, in addition to the Group's share of expenses in technology ventures in the 'Australia and Americas' region.)

**(Loss)/gain on disposal and change in ownership** relates to the loss on sale of a subsidiary in the 'Australia and Americas' region. (2020: Profit on disposal and change in ownership related to the gain of USD 118,406 thousand 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 and loss of USD 4,314 thousand on sale of a subsidiary in the 'Middle East, Europe and Africa' region.)

### FINANCE INCOME:

- USD 8,425 thousand mainly relates to hedge ineffectiveness in the 'Middle East, Europe and Africa' region and 'Asia Pacific and India' region. (2020: USD 9,773 thousand in the 'Middle East, Europe and Africa' region).

### FINANCE COSTS:

- USD 6,583 thousand relates to hedge ineffectiveness in the 'Middle East, Europe and Africa' region. (2020: USD 14,149 thousand in the 'Asia Pacific and India' region and 'Middle East, Europe and Africa' region).
- USD 14,163 thousand (2020: Nil) loss on termination of swaps and unamortised transaction costs written off on termination of loans in the 'Australia and Americas' region.
- 2021: Nil. (2020: USD 12,500 thousand of foreign exchange loss on reclassification of a non-monetary asset to monetary asset in the 'Middle East, Europe and Africa' region).
- 2021: Nil. (2020: USD 17,784 thousand represents interest accretion and loss on buy-back of convertible bonds).

**Income tax** mainly relates to deferred tax liability reversal arising from tax restructuring undertaken in a subsidiary in the 'Australia and Americas' region. (2020 mainly related to the release of historic tax risk provision in relation to gain on disposals. This release arises as a result of periodic review of worldwide tax provision position by the Group).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. DIVIDENDS

	2021 USD'000	2020 USD'000
Final dividend paid	44,100	332,000
<b>Proposed for approval at the annual general meeting</b> <i>(not recognised as a liability as at 31 December):</i>		
Final dividend	275,800	219,700

## 11. 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
<b>Cost</b>					
As at 1 January 2020	5,435,250	6,493,217	2,516,653	1,701,690	16,146,810
Acquired through business combination	405,786	105,895	–	100,476	612,157
Additions	68,186	99,529	41,138	736,296	945,149
Transfers	814,159	529,137	18,796	(1,362,092)	–
Transfer from/(to) intangible assets (refer to note 14)	88	(28,761)	–	–	(28,673)
Transfer from investment properties (refer to note 13)	25,592	541	–	4,233	30,366
Transfer to asset held for sale	–	–	(300,778)	–	(300,778)
Disposals	(17,144)	(79,799)	(35,965)	(3,792)	(136,700)
Translation adjustment	43,373	51,866	40,325	34,023	169,587
<b>As at 31 December 2020</b>	<b>6,775,290</b>	<b>7,171,625</b>	<b>2,280,169</b>	<b>1,210,834</b>	<b>17,437,918</b>
<b>As at 1 January 2021</b>	<b>6,775,290</b>	<b>7,171,625</b>	<b>2,280,169</b>	<b>1,210,834</b>	<b>17,437,918</b>
Acquired through business combination	949	87,307	–	8,365	96,621
Additions	20,887	230,891	96,908	743,338	1,092,024
Transfers	255,314	490,386	11,055	(756,755)	–
Transfer from/(to) intangible assets (refer to note 14)	–	(14,225)	–	(103,860)	(118,085)
Transfer from investment properties (refer to note 13)	16,721	1,530	–	–	18,251
Transfer from right-of-use assets (refer to note 12)	487	–	–	–	487
Disposal of subsidiary	(2,716)	(5,732)	(7,916)	–	(16,364)
Disposals	(81,235)	(81,234)	(12,216)	(21,450)	(196,135)
Translation adjustment	(51,318)	(125,821)	(32,284)	(9,509)	(218,932)
<b>As at 31 December 2021</b>	<b>6,934,379</b>	<b>7,754,727</b>	<b>2,335,716</b>	<b>1,070,963</b>	<b>18,095,785</b>
<b>Depreciation and impairment</b>					
As at 1 January 2020	1,289,079	2,378,160	245,836	7,000	3,920,075
Charges	180,059	387,792	188,608	–	756,459
Impairment loss	10,262	895	–	–	11,157
Transfer to intangible assets (refer to note 14)	–	(10,584)	–	–	(10,584)
Transfer to asset held for sale	–	–	(278,188)	–	(278,188)
Disposals	(15,510)	(54,709)	(36,235)	–	(106,454)
Translation adjustment	20,574	46,023	15,203	–	81,800
As at 31 December 2020	1,484,464	2,747,577	135,224	7,000	4,374,265
<b>As at 1 January 2021</b>	<b>1,484,464</b>	<b>2,747,577</b>	<b>135,224</b>	<b>7,000</b>	<b>4,374,265</b>
Charges	189,012	433,263	182,710	–	804,985
Impairment loss	–	91,458	–	–	91,458
Transfer to intangible assets (refer to note 14)	–	(21,608)	–	–	(21,608)
Disposal of subsidiary	(524)	(3,717)	(4,183)	–	(8,424)
Disposals	(8,216)	(72,340)	(11,925)	–	(92,481)
Translation adjustment	(19,280)	(66,096)	(19,966)	–	(105,342)
<b>As at 31 December 2021</b>	<b>1,645,456</b>	<b>3,108,537</b>	<b>281,860</b>	<b>7,000</b>	<b>5,042,853</b>
<b>Net book value</b>					
At 31 December 2020	5,290,826	4,424,048	2,144,945	1,203,834	13,063,653
<b>At 31 December 2021</b>	<b>5,288,923</b>	<b>4,646,190</b>	<b>2,053,856</b>	<b>1,063,963</b>	<b>13,052,932</b>

## 11. PROPERTY, PLANT AND EQUIPMENT CONTINUED

At 31 December 2021, property, plant and equipment with a carrying amount of USD 2,308,149 (2020: USD 3,083,867 thousand) are pledged as security for bank loans (refer to note 33).

During 2021, depreciation of USD 671,442 thousand (2020: USD 667,053 thousand) was included in cost of sales and USD 133,543 thousand (2020: USD 89,406 thousand) was included in general and administrative expenses.

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

## 12. RIGHT-OF-USE ASSETS

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

	Port concession rights USD'000	Plant equipment and vehicles USD'000	Vessels USD'000	Land and buildings USD'000	Total USD'000
<b>Cost</b>					
<b>As at 1 January 2020</b>	1,418,736	553,982	185,561	67,760	2,226,039
Acquired through business combinations	91,803	3,018	3,559	3,600	101,980
Additions	105,781	34,641	100,365	21,818	262,605
Lease modifications	(17,227)	(7,142)	(13,121)	1,332	(36,158)
Transfers	493	5,007	(4,000)	(1,500)	–
Derecognition	–	(10,660)	(52,328)	(2,737)	(65,725)
Translation adjustment	76,058	3,356	5,635	3,663	88,712
<b>As at 31 December 2020</b>	<b>1,675,644</b>	<b>582,202</b>	<b>225,671</b>	<b>93,936</b>	<b>2,577,453</b>
<b>As at 1 January 2021</b>	<b>1,675,644</b>	<b>582,202</b>	<b>225,671</b>	<b>93,936</b>	<b>2,577,453</b>
Acquired through business combinations	–	40,299	48,857	116,821	205,977
Additions	70,054	29,169	764,089	18,352	881,664
Lease modifications	(5,612)	552	854	4,613	407
Transfers	13,942	(3,895)	–	(10,047)	–
Transfers to property, plant and equipment (refer to note 11)	–	–	–	(487)	(487)
Derecognition	(221)	(21,241)	(8,215)	(1,889)	(31,566)
Translation adjustment	(42,524)	(2,335)	(11,992)	(6,152)	(63,003)
<b>As at 31 December 2021</b>	<b>1,711,283</b>	<b>624,751</b>	<b>1,019,264</b>	<b>215,147</b>	<b>3,570,445</b>
<b>Depreciation</b>					
<b>As at 1 January 2020</b>	34,475	22,563	81,258	6,835	145,131
Charges	60,877	27,885	96,748	11,909	197,419
Lease modifications	(488)	(1,812)	442	1,271	(587)
Derecognition	–	(10,660)	(52,328)	(2,737)	(65,725)
Translation adjustment	5,645	2,537	4,039	1,680	13,901
<b>As at 31 December 2020</b>	<b>100,509</b>	<b>40,513</b>	<b>130,159</b>	<b>18,958</b>	<b>290,139</b>
<b>As at 1 January 2021</b>	<b>100,509</b>	<b>40,513</b>	<b>130,159</b>	<b>18,958</b>	<b>290,139</b>
Charges	69,744	34,972	219,971	16,786	341,473
Lease modifications	8,734	(1,338)	(166)	1,665	8,895
Derecognition	(221)	(20,311)	(8,215)	(1,889)	(30,636)
Translation adjustment	(4,135)	(862)	(75)	(1,036)	(6,108)
<b>As at 31 December 2021</b>	<b>174,631</b>	<b>52,974</b>	<b>341,674</b>	<b>34,484</b>	<b>603,763</b>
<b>Net book value</b>					
At 31 December 2020	1,575,135	541,689	95,512	74,978	2,287,314
<b>At 31 December 2021</b>	<b>1,536,652</b>	<b>571,777</b>	<b>677,590</b>	<b>180,663</b>	<b>2,966,682</b>

Refer to note 34 for underlying lease liabilities with respect to above right-of-use assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12. RIGHT-OF-USE ASSETS CONTINUED

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

	2021 USD'000	2020 USD'000
<b>Amount recognised in consolidated statement of profit or loss</b>		
Depreciation included in cost of sales	320,462	176,100
Depreciation included in general & administrative expenses	21,011	21,319
Interest on lease liabilities	187,425	168,562
Expense relating to short-term leases, leases of low value assets and variable leases	285,748	229,843
<b>Amount recognised in consolidated statement of cash flows</b>		
Lease payments made during the year (included under financing activities)	539,098	379,825

## 13. INVESTMENT PROPERTIES

	Land USD'000	Buildings and infrastructure USD'000	Under development USD'000	Total USD'000
<b>Cost</b>				
As at 1 January 2020	235,173	1,349,462	303,572	1,888,207
Additions	340	119	65,993	66,452
Acquired through business combination	–	8,531	59	8,590
Transfers (from)/to property, plant and equipment (refer to note 11)	(21,702)	285,790	(294,454)	(30,366)
Disposal	(60)	(5,449)	–	(5,509)
Translation adjustment	(2,485)	1,368	(119)	(1,236)
As at 31 December 2020	211,266	1,639,821	75,051	1,926,138
<b>As at 1 January 2021</b>	<b>211,266</b>	<b>1,639,821</b>	<b>75,051</b>	<b>1,926,138</b>
Additions	–	252	23,697	23,949
Acquisition of group of assets#	–	165,129	28,114	193,243
Transfers to property, plant and equipment (refer to note 11)	(16,721)	–	(1,530)	(18,251)
Transfers	–	15,004	(15,004)	–
Disposal	(65)	(100,430)	–	(100,495)
Translation adjustment	(1,446)	1,277	(911)	(1,080)
<b>As at 31 December 2021</b>	<b>193,034</b>	<b>1,721,053</b>	<b>109,417</b>	<b>2,023,504</b>
<b>Depreciation and impairment</b>				
As at 1 January 2020	1,492	213,804	–	215,296
Depreciation charge	–	54,822	–	54,822
Impairment charge	850	4,022	–	4,872
Disposal	–	(5,449)	–	(5,449)
Transfers	(2,342)	2,342	–	–
Translation adjustment	–	151	–	151
As at 31 December 2020	–	269,692	–	269,692
<b>As at 1 January 2021</b>	<b>–</b>	<b>269,692</b>	<b>–</b>	<b>269,692</b>
Depreciation charge	–	56,144	–	56,144
Disposal	–	(6,374)	–	(6,374)
Translation adjustment	–	1,240	–	1,240
<b>As at 31 December 2021</b>	<b>–</b>	<b>320,702</b>	<b>–</b>	<b>320,702</b>
<b>Net book value</b>				
As at 31 December 2020	211,266	1,370,129	75,051	1,656,446
<b>As at 31 December 2021</b>	<b>193,034</b>	<b>1,400,351</b>	<b>109,417</b>	<b>1,702,802</b>

# On 30 September 2021, the Group acquired a group of assets from a related party. This includes purchase of usufruct fee rights of USD 258,679 thousand. The consideration paid partially upfront and remaining deferred. Usufruct fee (present value) recognised as land use rights, building and infrastructure (refer to note 28(a)).

## 13. INVESTMENT PROPERTIES CONTINUED

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 485,487 thousand (2020: USD 478,984 thousand) while associated costs related to these investment properties amounted to USD 57,323 thousand (2020: USD 63,673 thousand).

### LAND:

At 31 December 2021, the fair value of land was estimated to be USD 193,181 thousand (2020: USD 212,907 thousand) compared to the carrying value of USD 193,034 thousand (2020: USD 211,266 thousand).

### BUILDINGS AND INFRASTRUCTURE:

At 31 December 2021, the fair value of buildings and infrastructure was estimated to be USD 2,476,589 thousand (2020: USD 2,194,181 thousand) compared to the carrying value of USD 1,400,351 thousand (2020: USD 1,370,129 thousand).

During 2021, depreciation of USD 55,756 thousand (2020: USD 54,551 thousand) was included in cost of sales and USD 388 thousand (2020: USD 271 thousand) was included in general and administrative expenses.

### INVESTMENT PROPERTIES UNDER DEVELOPMENT:

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

### 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 significant 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 (taking into account the impact of COVID-19) and comparable benchmarking of rents and capital values and rentals in the wider corresponding market. The significant unobservable inputs used in the fair value measurement are as follows:

- Market rent including land in the range of USD 10 to USD 1,000 per square metre per annum (2020: USD 7 to USD 1,237 per square metre per annum).
- Rent growth per annum in the range of 0% to 1.5% (2020: 0% to 3.0%).
- Historical and estimated long term occupancy rate in the range of 70% to 90% (2020: 60% to 100%).
- Yields rates in the range of 6.5% to 13.5% per annum (2020: 6.5% to 13.5% per annum).

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

### SENSITIVITY TO CHANGES IN ASSUMPTIONS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. INTANGIBLE ASSETS AND GOODWILL

	Goodwill USD'000	Land use rights USD'000	Port concession rights and other intangible assets USD'000	Service concession assets (IFRIC12)* USD'000	Customer relationships USD'000	Total USD'000
<b>Cost</b>						
<b>As at 1 January 2020</b>	2,581,717	2,677,717	5,582,588	886,582	239,127	11,967,731
Acquired through business combinations	238,544	5,679	418,979	–	6,677	669,879
Additions	–	–	12,164	464,994	–	477,158
Transfer from property, plant and equipment (refer to note 11)	–	–	10,584	18,089	–	28,673
Disposals	–	–	(39)	(48,592)	–	(48,631)
Translation adjustment	108,562	167	124,184	16,737	20,461	270,111
<b>As at 31 December 2020</b>	2,928,823	2,683,563	6,148,460	1,337,810	266,265	13,364,921
<b>As at 1 January 2021</b>	2,928,823	2,683,563	6,148,460	1,337,810	266,265	13,364,921
Acquired through business combinations	731,799	–	10,024	–	562,411	1,304,234
Acquisition of group of assets#	–	–	13,615	–	–	13,615
Additions	–	–	7,509	292,631	–	300,140
Transfer from/(to) property, plant and equipment (refer to note 11)	–	76,631	(267,255)	308,709	–	118,085
Disposals	–	–	(28)	(7,286)	–	(7,314)
Disposal of subsidiary	(1,185)	–	–	–	–	(1,185)
Translation adjustment	(71,416)	(569)	(145,483)	(35,914)	(16,113)	(269,495)
<b>As at 31 December 2021</b>	3,588,021	2,759,625	5,766,842	1,895,950	812,563	14,823,001
<b>Amortisation and impairment</b>						
<b>As at 1 January 2020</b>	–	139,908	1,243,309	496,429	33,384	1,913,030
Charges	–	29,315	133,084	56,339	18,031	236,769
Transfer from property, plant and equipment (refer to note 11)	–	–	10,584	–	–	10,584
Disposals	–	–	(2)	(48,043)	–	(48,045)
Translation adjustment	–	(52)	29,601	6,957	2,589	39,095
<b>As at 31 December 2020</b>	–	169,171	1,416,576	511,682	54,004	2,151,433
<b>As at 1 January 2021</b>	–	169,171	1,416,576	511,682	54,004	2,151,433
Charges	–	31,069	127,483	84,010	23,166	265,728
Transfer (to)/from property, plant and equipment (refer to note 11)	–	–	(89,201)	110,809	–	21,608
Disposals	–	–	(26)	(5,564)	–	(5,590)
Translation adjustment	–	(12)	(37,421)	(17,297)	(2,593)	(57,323)
<b>As at 31 December 2021</b>	–	200,228	1,417,411	683,640	74,577	2,375,856
<b>Net book value:</b>						
As at 31 December 2020	2,928,823	2,514,392	4,731,884	826,128	212,261	11,213,488
<b>As at 31 December 2021</b>	3,588,021	2,559,397	4,349,431	1,212,310	737,986	12,447,145

\* Service concession asset include non-cash additions of USD 23,282 thousand (2020: USD 412,730) refer to note 34.

# On 30 September 2021, the Group acquired a group of assets from a related party. This includes purchase of concession fee of USD 13,615 thousand (refer to note 28(a)).

During 2021, the amortisation of USD 261,287 thousand (2020: USD 235,284 thousand) was included in cost of sales and USD 4,441 thousand (2020: USD 1,485 thousand) was included in general and administrative expenses.

## 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 business (or group of businesses) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

	Carrying amount of goodwill		Carrying amount of port concession rights with indefinite useful life		Discount rates	Terminal value growth rate
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000		
<b>Cash-generating units aggregated by operating segment</b>						
Asia Pacific and India	485,429	394,550	–	–	6.00% – 11.50%	2.50%
Australia and Americas	1,374,729	759,777	128,253	137,725	5.25% – 19.50%	2.50%
Middle East, Europe and Africa	1,727,863	1,774,496	843,063	854,451	4.75% – 14.75%	1.00% – 2.50%
<b>Total</b>	<b>3,588,021</b>	<b>2,928,823</b>	<b>971,316</b>	<b>992,176</b>		

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

### KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

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

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

**Discount rates** – These represent the cost of capital adjusted for the respective location risk factors. The Group uses the post-tax industry average weighted average cost of capital based on the rate of 10 years default free US treasury bonds adjusted for country-specific risks.

**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 which has been sourced from International Monetary Fund (IMF).

**Terminal value growth rate** – In management's view, the terminal 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. Based on the historical trend of growth in global trade, the long-term growth in the range of 1% to 2.5% is considered reasonable for the diversified businesses of the Group. The values assigned to key assumptions are consistent with the past experience of the 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. A sensitivity analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in impairment. An increase of 0.20% in discount rate and decrease of 0.20% in terminal value growth rate would not result in impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16. PROPERTIES HELD FOR DEVELOPMENT AND SALE

	2021 USD'000	2020 USD'000
As at 1 January	138,210	194,612
Charges	(27,839)	(70,131)
Additions	6,764	5,482
Impairment reversals	–	8,247
<b>As at 31 December</b>	<b>117,135</b>	<b>138,210</b>

Properties held for development and sale consist of cost of land and related improvements in commercial precincts.

The Group has future commitments towards infrastructure development of USD 159,580 thousand (2020: USD 170,466 thousand) to be incurred over a period of 16 years in respect of these properties.

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience for the purpose of estimating the net realisable value of properties held for development and sale.

## 17. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES

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

	Asia Pacific and India		Australia and Americas		Middle East, Europe and Africa		Total	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Bank balances and cash	485,576	387,425	56,501	84,916	306,202	219,007	848,279	691,348
Other current assets	203,863	203,623	89,110	75,828	363,237	311,494	656,210	590,945
Non-current assets	6,054,496	6,138,310	375,602	390,810	3,774,586	3,985,428	10,204,684	10,514,548
<b>Total assets</b>	<b>6,743,935</b>	<b>6,729,358</b>	<b>521,213</b>	<b>551,554</b>	<b>4,444,025</b>	<b>4,515,929</b>	<b>11,709,173</b>	<b>11,796,841</b>
Current financial liabilities	19,099	53,982	22,009	71,384	112,408	60,144	153,516	185,510
Other current liabilities	356,047	453,541	47,445	47,665	360,496	330,605	763,988	831,811
Non-current financial liabilities	965,074	791,962	144,792	99,516	1,658,253	1,807,547	2,768,119	2,699,025
Other non-current liabilities	397,279	528,378	39,937	36,723	391,929	443,453	829,145	1,008,554
<b>Total liabilities</b>	<b>1,737,499</b>	<b>1,827,863</b>	<b>254,183</b>	<b>255,288</b>	<b>2,523,086</b>	<b>2,641,749</b>	<b>4,514,768</b>	<b>4,724,900</b>
<b>Net assets (100%)</b>	<b>5,006,436</b>	<b>4,901,495</b>	<b>267,030</b>	<b>296,266</b>	<b>1,920,939</b>	<b>1,874,180</b>	<b>7,194,405</b>	<b>7,071,941</b>
<b>Group's share of net assets in equity-accounted investees</b>							<b>2,249,442</b>	<b>2,253,538</b>
Revenue	1,314,370	1,148,556	158,646	156,628	1,115,126	917,525	2,588,142	2,222,709
Depreciation and amortisation	(304,693)	(290,134)	(34,092)	(41,690)	(187,901)	(169,271)	(526,686)	(501,095)
Other expenses	(514,475)	(397,041)	(183,185)	(198,281)	(660,287)	(583,181)	(1,357,947)	(1,178,503)
Finance cost	(78,930)	(65,817)	(24,341)	(21,258)	(81,161)	(81,735)	(184,432)	(168,810)
Finance income	12,318	14,326	1,473	1,302	1,967	1,451	15,758	17,079
Income tax expense	(92,651)	(114,211)	(10,926)	(7,505)	(40,151)	(15,704)	(143,728)	(137,420)
<b>Net profit/(loss) (100%)</b>	<b>335,939</b>	<b>295,679</b>	<b>(92,425)</b>	<b>(110,804)</b>	<b>147,593</b>	<b>69,085</b>	<b>391,107</b>	<b>253,960</b>
<b>Group's share of profit (before separately disclosed items)</b>	<b>92,279</b>	<b>84,178</b>	<b>7,293</b>	<b>7,825</b>	<b>52,445</b>	<b>29,548</b>	<b>152,017</b>	<b>121,551</b>
<b>Group's share of dividends received</b>							<b>122,600</b>	<b>57,466</b>
<b>Group's share of other comprehensive income</b>							<b>(1,901)</b>	<b>7,823</b>

## 17. INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES CONTINUED

The below table represents the carrying amounts of investment in equity-accounted investees recognised and the related movements during the year:

	2021 USD'000	2020 USD'000
<b>As at 1 January</b>	<b>2,253,538</b>	<b>2,200,252</b>
Additional investments	94,027	108,151
Acquired through business combination	–	3,680
Conversion to subsidiaries through acquisition of control	–	(132,523)
Share of profit (net of tax)	65,940	24,116
Dividends received	(122,600)	(57,466)
Share of comprehensive income	(1,901)	7,823
Translation adjustment	(39,562)	99,505
<b>As at 31 December</b>	<b>2,249,442</b>	<b>2,253,538</b>

## 18. INVENTORIES

	2021 USD'000	2020 USD'000
Spare parts and consumables	203,588	174,121
Fuel	33,717	15,839
<b>Total</b>	<b>237,305</b>	<b>189,960</b>
Provision for obsolete and slow-moving items	(12,256)	(7,311)
<b>Net inventories</b>	<b>225,049</b>	<b>182,649</b>

In 2021, inventories of USD 405,526 thousand (2020: USD 394,387 thousand) were recognised as an expense during the year and recorded in the consolidated statement of profit or loss.

## 19. DUE FROM PARENT COMPANY

	2021 Non-current USD'000	2021 Current USD'000	2020 Non-current USD'000	2020 Current USD'000
Due from Parent Company (refer to note 28)	1,643,747	3,295	1,545,511	962

The Group has advanced a loan of USD 1,500,000 thousand to the Parent Company for a period of 5.5 years at the interest rate of 6.125% per annum.

## 20. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2021 Non-current USD'000	2021 Current USD'000	2020 Non-current USD'000	2020 Current USD'000
Trade receivables (net)	393,526	1,645,192	360,038	1,084,918
Advances paid to suppliers	39,994	95,130	12,612	55,051
Unbilled revenue	–	288,667	–	162,996
Deposits receivable	11,475	10,228	15,570	4,661
Other receivables and prepayments	335,844	732,720	269,754	619,044
Due from related parties (refer to note 28)	111,788	48,779	96,847	82,802
<b>Total</b>	<b>892,627</b>	<b>2,820,716</b>	<b>754,821</b>	<b>2,009,472</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. BANK BALANCES AND CASH

	2021 USD'000	2020 USD'000
Cash at banks and in hand	2,147,336	1,400,045
Short-term deposits	861,857	691,721
<b>Cash and cash equivalents for consolidated statement of cash flows</b>	<b>3,009,193</b>	2,091,766
Restricted cash#	908,546	50,344
<b>Bank balances and cash</b>	<b>3,917,739</b>	2,142,110

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 restricted cash was placed under an obligation to pay the consideration for acquisition of Imperial Logistics Limited (refer to note 39 (b)) and to collateralise some of the borrowings of the Company's subsidiaries.

## 22. EMPLOYEES' END OF SERVICE BENEFITS

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

	2021 USD'000	2020 USD'000
As at 1 January	191,395	176,227
Acquired through business combinations	904	–
Provisions	35,450	30,384
Payments	(17,149)	(27,462)
Actuarial loss on defined benefit plan	3,587	12,916
Translation adjustments	(354)	(670)
<b>As at 31 December</b>	<b>213,833</b>	191,395

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2021 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 3.50% and a discount rate of 3.05% per annum (2020: 2.75% per annum).

In addition to the above, the Group contributes 15% of the 'contribution calculation salary' in case of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss.

## 23. PENSION AND POST-EMPLOYMENT BENEFITS

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

The board of a pension scheme in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans, if appropriate.

These defined benefit schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED

### A) P&O PENSION SCHEME

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2019 on a market related basis. The deficit on a statutory funding objectives basis was USD 132,339 thousand. For the Group, outstanding contributions from these valuations are payable as follows:

- From 1 Jan 2022 to 31 March 2025: USD 1,742 thousand per month.

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

### B) P&O FERRIES SCHEME

Formal actuarial valuations of the P&O Ferries Scheme will normally be carried out triennially by qualified independent actuaries, the latest completed regular valuation report for the scheme being at 1 April 2020, using the projected unit method.

At this date, the market value of the P&O Ferries Scheme's assets were USD 267,109 thousand and the value of accrued benefits to members allowing for future increases in earnings was USD 344,217 thousand giving a deficit of USD 77,108 thousand and a funding ratio of 78%.

The agreed deficit payments from these valuations are payable as follows:

- From 2022 to 2029: USD 2,701 thousand per annum
- 2030: USD 675 thousand.

### C) MERCHANT NAVY OFFICERS' PENSION FUND ("MNOPF SCHEME")

The Group participates in various industry multi-employer schemes in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

The MNOPF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated. The scheme has been closed to further benefit accrual from 31 March 2016.

The most recent formal actuarial valuation of the New Section of MNOPF Scheme was carried out as at 31 March 2021. This resulted in a surplus of USD 78,323 thousand. As there were sufficient assets to cover the Fund's technical provisions at the valuation date, no new contributions were required.

Following earlier actuarial valuations in 2009, 2012, 2015 and 2018 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share.

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

- 2022: USD 608 thousand
- 2023: USD 608 thousand.

The Group's share of the net deficit of the MNOPF Scheme at 31 December 2021 is estimated at 18.81%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED

### D) MERCHANT NAVY RATINGS' PENSION FUND ("MNRPF SCHEME")

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

Certain Group companies, which are no longer current employers in the MNRPF Scheme had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Group appealed, the decision was not overturned.

The most recent formal actuarial valuation was carried out as at 31 March 2020. The deficit contributions arising from the valuation totalled USD 129,638 thousand. This deficit included an estimated sum of USD 94,528 thousand in respect of the expected settlement for the Ill-Health Early Retirement Court case, including the administration costs for the rectification. The Trustee Board believe their investment strategy will meet the shortfall deficit and did not request further contributions from Employers in respect of this valuation. The Court hearing to consider approval of the settlement in the ill-health early retirement case took place on 24 February 2022 and the Court has approved the settlement, which is subject to appeal.

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

- 2022: USD 18,190 thousand \*
- 2023: USD 21,504 thousand \*
- 2024: USD 20,256 thousand \*

\* The contributions due payable by P&O Ferries would be the higher of their respective outstanding contributions or a percentage of the free operational cash flow.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Group's share of the net deficit of the MNRPF at 31 December 2021 is estimated at 46.49%.

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED

### E) OTHERS

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

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

	2021 USD'000	2020 USD'000
<b>Non-current</b>		
Defined benefit schemes net liabilities	248,271	346,190
Liability in respect of long service leave	4,800	4,381
Liability for other non-current deferred compensation	5,113	2,681
	<b>258,184</b>	353,252
<b>Current</b>		
Defined benefit schemes net liabilities	14,250	36,778
Liability for current deferred compensation	94,476	86,169
	<b>108,726</b>	122,947
<b>Net liabilities</b>	<b>366,910</b>	476,199

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

	2021 USD'000	2020 USD'000
Defined benefit schemes *	23,760	22,658
Defined contribution schemes	59,353	48,494
Other employee benefits	23,827	25,887
<b>Total</b>	<b>106,940</b>	97,039

\* In 2020, this includes USD 4,105 thousand additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9).

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

	2021 USD'000	2020 USD'000
Actuarial gain recognised in the year	(228,244)	345,849
Return on plan assets lesser than the discount rate	87,453	(333,801)
Change in share in multi-employer scheme	573	(521)
Movement in minimum funding liability	76,798	8,822
<b>Total</b>	<b>(63,420)</b>	20,349

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED ACTUARIAL VALUATIONS AND ASSUMPTIONS

The latest valuations of the defined benefit schemes have been updated to 31 December 2021 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 2021	P&O Ferries scheme 2021	MNOPF scheme 2021	MNRPF scheme 2021	Other schemes 2021	P&O UK scheme 2020	P&O Ferries scheme 2020	MNOPF scheme 2020	MNRPF scheme 2020	Other schemes 2020
Discount rates	1.90%	1.90%	1.90%	1.90%	1.76%	1.25%	1.25%	1.25%	1.25%	1.41%
Discount rates bulk annuity asset	1.90%	–	–	–	–	1.15%	–	–	–	–
Expected rates of salary increases	–*	–*	–*	–*	2.50%	–*	–*	–*	–*	1.87%
Pension increases: deferment	3.00%	3.00%	2.60%	2.60%	2.07%	2.80%	2.60%	2.00%	2.00%	2.01%
payment	3.00%	2.90%	3.20%	3.20%	1.26%	2.80%	2.50%	2.75%	2.75%	2.02%
Inflation	3.30%	3.30%	3.30%	3.30%	2.08%	2.80%	2.80%	2.80%	2.80%	2.01%

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

The assumptions for pensioner longevity under both the P&O UK Scheme and the New Section of the MNOPF Scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

	Male		Female	
	Age 65 now	Age 65 in 20 years' time	Age 65 now	Age 65 in 20 years' time
<b>2021</b>				
P&O UK scheme	22.9	24.5	25.2	26.9
P&O Ferries scheme	22.9	24.5	25.4	27.1
MNOPF scheme	21.9	24.1	24.0	26.2
MNRPF scheme	20.2	22.1	23.5	25.5
<b>2020</b>				
P&O UK scheme	22.8	24.5	25.0	26.7
P&O Ferries scheme	22.9	24.6	25.3	27.0
MNOPF scheme	21.9	24.0	24.0	26.2
MNRPF scheme	19.3	21.3	22.5	24.6

At 31 December 2021, the weighted average duration of the defined benefit obligation was 13.6 years (2020: 14.3 years).

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED ACTUARIAL VALUATIONS AND ASSUMPTIONS CONTINUED

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 2021 by the amounts shown below:

	USD'000
0.1% reduction in discount rate	24,816
0.1% increase in inflation assumption and related assumptions	10,443
0.25% p.a. increase in the long-term rate of mortality improvement	18,323

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	P&O Ferries scheme USD'000	MNOPF scheme USD'000	MNRPF scheme USD'000	Other schemes USD'000	Total group schemes fair value USD'000
<b>2021</b>						
Equities	187,976	94,660	165,154	97,094	64,778	609,662
Bonds	701,776	63,346	608,490	580,031	164,016	2,117,659
Other	120,321	168,183	–	–	95,062	383,566
Value of insured pensioner liability	875,869	–	–	–	2,451	878,320
<b>Total</b>	<b>1,885,942</b>	<b>326,189</b>	<b>773,644</b>	<b>677,125</b>	<b>326,307</b>	<b>3,989,207</b>
<b>2020</b>						
Equities	253,744	85,823	220,849	101,552	74,661	736,629
Bonds	583,789	69,283	626,375	637,780	189,640	2,106,867
Other	143,593	163,583	–	–	53,048	360,224
Value of insured pensioner liability	980,990	–	–	–	2,778	983,768
<b>Total</b>	<b>1,962,116</b>	<b>318,689</b>	<b>847,224</b>	<b>739,332</b>	<b>320,127</b>	<b>4,187,488</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2021 and 31 December 2020:

	P&O UK scheme 2021 USD'000	P&O Ferries scheme 2021 USD'000	MNOPF scheme 2021 USD'000	MNRPF scheme 2021 USD'000	Other schemes 2021 USD'000	Total group schemes 2021 USD'000	P&O UK scheme 2020 USD'000	P&O Ferries scheme 2020 USD'000	MNOPF scheme 2020 USD'000	MNRPF scheme 2020 USD'000	Other schemes 2020 USD'000	Total group schemes 2020 USD'000
<b>Present value of obligation at 1 January</b>	<b>(1,995,574)</b>	<b>(340,992)</b>	<b>(800,680)</b>	<b>(825,112)</b>	<b>(359,299)</b>	<b>(4,321,657)</b>	(1,810,524)	(306,097)	(753,944)	(746,348)	(348,270)	(3,965,183)
Employer's interest cost	(24,608)	(4,265)	(9,905)	(10,180)	(4,600)	(53,558)	(34,251)	(5,721)	(13,854)	(13,854)	(6,170)	(73,850)
Employer's current service cost	-	-	-	-	(8,403)	(8,403)	-	-	(128)	(128)	(8,579)	(8,835)
Employer's past service cost*	-	-	-	-	-	-	(4,105)	-	-	-	-	(4,105)
Gain due to settlements	-	-	-	-	-	-	-	-	-	-	62,708	62,708
Acquired through business combinations	-	-	-	-	(3,003)	(3,003)	-	-	-	-	-	-
Contributions by scheme participants	-	-	-	-	(1,501)	(1,501)	-	-	-	-	(1,505)	(1,505)
Effect of movement in exchange rates	18,371	3,179	7,224	7,340	9,347	45,461	(66,759)	(11,549)	(26,083)	(27,709)	(31,208)	(163,308)
Benefits paid	91,210	8,529	41,134	35,218	11,674	187,765	87,487	7,569	40,921	31,429	10,343	177,749
Experience gains/(losses) on scheme liabilities	-	4,540	4,402	11,418	(3,152)	17,208	-	4,746	6,542	(5,516)	2,380	8,152
Change in share in multi-employer scheme	-	-	-	-	(573)	(573)	-	-	(128)	(641)	1,290	521
Actuarial gain on scheme liabilities due to change in demographic assumptions	(1,376)	757	-	(9,080)	(1,358)	(11,057)	(39,783)	(5,426)	(3,207)	(8,467)	141	(56,742)
Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions	92,448	15,243	35,631	51,727	27,044	222,093	(127,639)	(24,514)	(50,799)	(53,878)	(40,429)	(297,259)
<b>Present value of obligation at 31 December</b>	<b>(1,819,529)</b>	<b>(313,009)</b>	<b>(722,194)</b>	<b>(738,669)</b>	<b>(333,824)</b>	<b>(3,927,225)</b>	(1,995,574)	(340,992)	(800,680)	(825,112)	(359,299)	(4,321,657)

\* In 2020, this relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9)

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2021 and 31 December 2020:

	P&O UK scheme 2021 USD'000	P&O Ferries scheme 2021 USD'000	MNOPF scheme 2021 USD'000	MNRPF scheme 2021 USD'000	Other schemes 2021 USD'000	Total group schemes 2021 USD'000	P&O UK scheme 2020 USD'000	P&O Ferries scheme 2020 USD'000	MNOPF scheme 2020 USD'000	MNRPF scheme 2020 USD'000	Other schemes 2020 USD'000	Total group schemes 2020 USD'000
Fair value of scheme assets at 1 January	1,962,116	318,689	847,224	739,332	320,127	4,187,488	1,760,305	282,481	799,802	666,570	311,868	3,821,026
Interest income on assets	24,350	3,962	10,455	9,217	4,097	52,081	33,225	5,272	14,624	12,315	5,294	70,730
Return on plan assets (lesser)/greater than the discount rate	(12,794)	14,816	(49,663)	(43,885)	4,073	(87,453)	154,835	27,747	47,592	66,834	36,793	333,801
Loss due to settlements	-	-	-	-	-	-	-	-	-	-	(62,708)	(62,708)
Acquired through business combinations	-	-	-	-	2,989	2,989	-	-	-	-	-	-
Contributions by employer	26,249	1,376	16,096	24,447	13,546	81,714	36,816	269	-	5,735	10,646	53,466
Contributions by scheme participants	-	-	-	-	1,501	1,501	-	-	-	-	1,505	1,505
Effect of movement in exchange rates	(19,880)	(3,602)	(7,821)	(6,863)	(7,825)	(45,991)	66,474	10,899	27,538	24,951	27,273	157,135
Benefits paid	(91,210)	(8,529)	(41,134)	(35,218)	(11,674)	(187,765)	(87,487)	(7,569)	(40,921)	(31,429)	(10,343)	(177,749)
Administration costs incurred during the year	(2,889)	(523)	(1,513)	(9,905)	(527)	(15,357)	(2,052)	(410)	(1,411)	(5,644)	(201)	(9,718)
<b>Fair value of scheme assets at 31 December</b>	<b>1,885,942</b>	<b>326,189</b>	<b>773,644</b>	<b>677,125</b>	<b>326,307</b>	<b>3,989,207</b>	1,962,116	318,689	847,224	739,332	320,127	4,187,488
Defined benefit schemes net liabilities	66,413	13,180	51,450	(61,544)	(7,517)	61,982	(33,458)	(22,303)	46,544	(85,780)	(39,172)	(134,169)
Minimum funding liability	(132,339)	-	(52,666)	(139,498)	-	(324,503)	(58,966)	-	(63,197)	(126,636)	-	(248,799)
<b>Net liability recognised in the consolidated statement of financial position at 31 Dec</b>	<b>(65,926)</b>	<b>13,180</b>	<b>(1,216)</b>	<b>(201,042)</b>	<b>(7,517)</b>	<b>(262,521)</b>	(92,424)	(22,303)	(16,653)	(212,416)	(39,172)	(382,968)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. PENSION AND POST-EMPLOYMENT BENEFITS CONTINUED

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

The below table shows the movement in minimum funding liability:

	2021 USD'000	2020 USD'000
Minimum funding liability as on 1 January	(248,799)	(227,968)
Employer's interest cost	(3,027)	(3,720)
Actuarial (loss)/gain during the year	(76,798)	(8,822)
Effect of movement in exchange rates	4,121	(8,289)
<b>Minimum funding liability as on 31 December</b>	<b>(324,503)</b>	<b>(248,799)</b>

It is anticipated that the Group will make the following contributions to the pension schemes in 2022:

	P&O UK scheme USD'000	P&O Ferries scheme USD'000	MNOFF scheme USD'000	MNRPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000
Pension scheme contributions	20,904	2,701	608	16,839	7,277	48,329

## 24. ACCOUNTS PAYABLE AND ACCRUALS

	2021 Non-current USD'000	2021 Current USD'000	2020 Non-current USD'000	2020 Current USD'000
Trade payables	–	792,121	–	475,441
Deferred revenue	63,927	244,120	39,884	171,717
Advances and deposits from customers	1,333	567,792	–	408,013
Other payables and accruals	129,484	2,096,533	137,712	1,550,518
Provisions*	9,270	80,441	3,140	90,546
Fair value of derivative financial instruments	89,137	33,357	125,715	19,566
Amounts due to related parties (refer to note 28)	113,597	212,523	–	43,091
<b>As at 31 December</b>	<b>406,748</b>	<b>4,026,887</b>	<b>306,451</b>	<b>2,758,892</b>

\* During the current year, additional provision of USD 74,962 thousand (2020: USD 101,897 thousand) was recognised and an amount of USD 78,937 thousand (2020: USD 84,438 thousand) was utilised. The recognised provision reflects management's best estimate of the most likely outcome of various legal and other claims, which are subject to considerable uncertainty in terms of outcome and timing of settlement.

## 25. NON-CONTROLLING INTERESTS ('NCI')

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

	Middle East, Europe and Africa 2021 USD'000	Asia Pacific and India 2021 USD'000	Australia and Americas 2021 USD'000	Other non- material subsidiaries 2021 USD'000	Total 2021 USD'000	Middle East, Europe and Africa 2020 USD'000	Asia Pacific and India 2020 USD'000	Australia and Americas 2020 USD'000	Other non-material subsidiaries 2020 USD'000	Total 2020 USD'000
<b>Balance sheet information:</b>										
Non-current assets	490,029	1,387,286	5,031,942			519,445	511,265	2,524,364		
Current assets	165,912	879,490	807,732			143,762	233,808	579,277		
Non-current liabilities	(198,773)	(338,378)	(4,312,690)			(239,155)	(41,598)	(2,015,313)		
Current liabilities	(37,192)	(553,607)	(598,394)			(37,124)	(46,431)	(409,184)		
<b>Net assets (100%)</b>	<b>419,976</b>	<b>1,374,791</b>	<b>928,590</b>			<b>386,928</b>	<b>657,044</b>	<b>679,144</b>		
Carrying amount of fair value adjustments excluding goodwill	172,319	343,917	660,302			178,797	288,358	640,411		
<b>Total</b>	<b>592,295</b>	<b>1,718,708</b>	<b>1,588,892</b>			<b>565,725</b>	<b>945,402</b>	<b>1,319,555</b>		
<b>Carrying amount of NCI as at 31 December</b>	<b>183,200</b>	<b>611,581</b>	<b>771,067</b>	<b>111,125</b>	<b>1,676,973</b>	<b>176,209</b>	<b>465,533</b>	<b>618,038</b>	<b>128,643</b>	<b>1,388,423</b>
<b>Statement of profit or loss information:</b>										
Revenue	150,483	1,543,519	1,423,335			142,997	218,757	656,361		
Profit after tax	45,467	269,270	266,350			52,676	57,298	90,391		
Other comprehensive income, net of tax	17,252	(89,412)	36,270			(3,436)	37,806	(24,221)		
Total comprehensive income (100%), net of tax	62,719	179,858	302,620			49,240	95,104	66,170		
Profit allocated to NCI	12,431	84,712	149,686	18,765	265,594	14,381	19,450	36,991	24,789	95,611
Other comprehensive income attributable to NCI	7,389	(31,633)	17,867	(1,444)	(7,821)	(1,684)	12,753	(11,445)	(4,223)	(4,599)
Total comprehensive income attributable to NCI	19,820	53,079	167,553	17,321	257,773	12,697	32,203	25,546	20,566	91,012
<b>Cash flow statement information:</b>										
Cash flows from operating activities	23,189	374,773	519,699			30,171	118,919	249,108		
Cash flows used in investing activities	(4,922)	(133,010)	(156,103)			(3,556)	(51,345)	(96,125)		
Cash flows used in financing activities	(23,284)	(79,187)	(155,407)			(13,352)	(24,920)	(246,065)		
Dividends paid to NCI	(8,510)	(27,248)	(862)			(3,206)	(14,169)	(63,255)		



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. BUSINESS COMBINATIONS

### ACQUISITION OF SIGNIFICANT SUBSIDIARIES

(a) On 1 January 2021, the Group acquired 60% equity interest in Unico Logistics Co. Ltd. (Unico) for a purchase consideration of USD 70,077 thousand. It is one of the largest independently owned Non-Vessel Operating Common Carriers (NVOCC) in South Korea. Unico specializes in multimodal transport from South Korea via the Trans-Siberian and the Trans-China rail routes into Central Asia. It also provides freight forwarding (sea and air) and project cargo services globally.

The carrying value and fair value of the identifiable net 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
<b>Assets</b>		
Property, plant and equipment	12,793	12,793
Right of use asset	7,014	7,014
Intangible assets	1,062	20,662
Accounts receivables and prepayments	85,964	85,964
Inventories	1,970	1,970
Tax assets	5,505	5,505
Bank balances and cash	13,186	13,186
<b>Liabilities</b>		
Loans and borrowings	(5,674)	(5,674)
Lease liabilities	(6,767)	(6,767)
Accounts payable and accruals	(32,085)	(32,085)
Tax liabilities	(6,610)	(11,216)
End of service benefits	(14)	(14)
<b>Net assets acquired</b>	<b>76,344</b>	<b>91,338</b>
Less: non-controlling interest		(37,453)
Goodwill arising on acquisition		16,192
<b>Total fair value of net assets acquired</b>		<b>70,077</b>
<b>For cash flow statement:</b>		
Cash paid for acquisition		(70,077)
Advance paid in 2020		(59,604)
<b>Balance paid in 2021</b>		<b>(10,473)</b>
Cash acquired		13,186
<b>Net cash acquired</b>		<b>2,713</b>

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes. The deferred tax liability relates to fair value adjustments on intangible assets.

Acquisition related costs of USD 1,137 thousand were expensed and included in general and administrative expenses.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate shares of its interest in the acquiree's identifiable net assets.

From the acquisition date, this acquisition has contributed revenues of USD 556,018 thousand and gross profit of USD 104,304 thousand to the Group's results.

The Group has written a put option in favour of the seller for the reminder 40% equity interest. This is exercisable at end of 5 years from date of acquisition. The exercise price is determinable based on the shareholder agreement and will be settled in cash. The Group has recognised the present value of put option liability on the acquisition date and has remeasured to USD 41,823 thousand at the reporting date.

## 26. BUSINESS COMBINATIONS CONTINUED

### ACQUISITION OF SIGNIFICANT SUBSIDIARIES CONTINUED

(b) On 1 July 2021, the Group through its subsidiary, Unifeeder ISC FZCO, acquired 100% stake in Transworld Group (Transworld) based in United Arab Emirates for a purchase consideration of USD 140,837 thousand. Transworld operates two businesses, Transworld, which is a feedering service and Avana, a container operating, multimodal service. They are leading independent feeder and NVOCC operators, offering container feedering services and regional trade solutions connecting a wide range of ports in the Middle East, the Indian Subcontinent and Far East through their dense network.

The carrying value and fair value of the identifiable net 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
<b>Assets</b>		
Property, plant and equipment	12,336	12,336
Right of use asset	48,857	48,857
Other intangible assets	853	853
Accounts receivables and prepayments	63,262	63,262
Inventories	4,052	4,052
Tax assets	44	44
Bank balances and cash	16,593	16,593
<b>Liabilities</b>		
Loans and borrowings	(2,766)	(2,766)
Lease liabilities	(49,404)	(49,404)
Accounts payable and accruals	(33,352)	(33,352)
End of service benefits	(332)	(332)
Tax liabilities	(1,092)	(1,092)
<b>Net assets acquired</b>	<b>59,051</b>	<b>59,051</b>
Less: non-controlling interest recognised		(810)
Goodwill arising on acquisition		82,596
<b>Total fair value of net assets acquired</b>		<b>140,837</b>
<b>Details of consideration:</b>		
Deferred consideration		20,000
Consideration settled in shares of Unifeeder ISC FZCO		42,634
Cash consideration		78,203
<b>For cash flow statement:</b>		
Cash paid on acquisition		(78,203)
Cash acquired		16,593
<b>Net cash paid on acquisition</b>		<b>(61,610)</b>

The goodwill is attributable mainly to the skills and technical talent of the acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of USD 4,080 thousand were expensed and included in general and administrative expenses.

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

From the acquisition date, this acquisition has contributed revenues of USD 183,819 thousand and gross profit of USD 61,104 thousand to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have increased by USD 295,349 thousand and consolidated gross profit for the year would have increased by USD 83,698 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. BUSINESS COMBINATIONS CONTINUED

### ACQUISITION OF SIGNIFICANT SUBSIDIARIES CONTINUED

(c) On 1 December 2021, the Group acquired 100% equity interest in syncreon Newco B.V (syncreon), for a purchase consideration of USD 994,394 thousand. syncreon has strong contract logistics and fulfilment solutions capability, which adds significant strategic value to the Group and fits with the Group's vision to deliver end-to-end solutions to cargo owners. syncreon is US headquartered with operations throughout North America and Europe, and specialises in the design and operation of logistic solutions for the automotive and technology industries. syncreon has a global presence across 91 sites in 19 countries and services a large and diversified portfolio of customers with long standing partnerships and high contracts renewal rates.

The carrying value and provisional fair value of the identifiable net 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
<b>Assets</b>		
Property, plant and equipment	71,373	71,373
Right of use asset	150,106	150,106
Intangible assets	194,206	550,911
Inventories	15,235	15,235
Accounts receivables and prepayments	306,561	306,561
Tax assets	3,668	3,668
Bank balances and cash	54,941	54,941
<b>Liabilities</b>		
Loans and borrowings	(272,946)	(272,946)
Lease liabilities	(155,026)	(155,026)
Accounts payable and accruals	(239,125)	(239,125)
Tax liabilities	(44,924)	(119,832)
<b>Net assets acquired</b>	<b>84,069</b>	<b>365,866</b>
Less: non-controlling interest		(2,272)
Goodwill arising on acquisition		630,800
<b>Total fair value of net assets acquired</b>		<b>994,394</b>
<b>For cash flow statement:</b>		
Cash paid on acquisition		(994,394)
Cash acquired on acquisition		54,941
<b>Net cash paid on acquisition</b>		<b>(939,453)</b>

The goodwill is attributable mainly to the syncreon's strong contract logistics & fulfilment solutions capability and syncreon's exposure to sizeable, fast-growing technology and automotive industries offering significant growth opportunities. None of the goodwill recognised is expected to be deductible for tax purposes. The deferred tax liability relates to fair value adjustments on intangible assets.

From the acquisition date, this acquisition has contributed revenues of USD 110,066 thousand and gross profit of USD 12,877 thousand to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have increased by USD 1,275,202 thousand and consolidated gross profit for the year would have increased by USD 135,416 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

Acquisition related costs of USD 9,217 thousand were expensed and included in general and administrative expenses.

## 27. SIGNIFICANT GROUP ENTITIES

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

### A) SIGNIFICANT HOLDING COMPANIES

Legal Name	Ownership interest	Country of incorporation	Principal activities
DP World FZE	100%	United Arab Emirates	Development and management of international marine and inland terminal operations
Thunder FZE	100%	United Arab Emirates	Holding company
The Peninsular and Oriental Steam Navigation Company Limited ("P&O SCo")	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 Canada Investment Inc.	55%	Canada	Holding company
Hindustan Infralog Private Limited	65%	India	Holding company
Hindustan Ports Private Limited	100%	India	Holding company
DP World Ports Cooperatieve U.A.	100%	Netherlands	Holding company
DP World Maritime Cooperatieve U.A.	100%	Netherlands	Holding company
DP World International Investment BV	55%	Netherlands	Holding company
DP World Australia BV	55%	Netherlands	Holding company

### B) SIGNIFICANT SUBSIDIARIES – PORTS

Legal Name	Ownership interest	Country of incorporation	Principal activities
DP World MPL Servicios S.A.	100%	Angola	Multi-purpose terminal
Terminales Rio de la Plata SA	55.62%	Argentina	Container terminal operations
DP World Australia (Holding) Pty Ltd***	33.14%	Australia	Container terminal operations
Empresa Brasileira de Terminais Portuarios S.A.	100%	Brazil	Container terminal operations
Caucedo Investments Inc.	50%	British Virgin Islands	Container terminal operations
Caucedo Services Inc.	50%	British Virgin Islands	Container terminal operations
DP World (Canada) Inc.	55%	Canada	Container terminal operations
DP World Fraser Surrey Inc.	55%	Canada	Multi-purpose and general cargo terminal operations
DP World Nanaimo 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 Chile S.A.	54.89%	Chile	Container terminal operations
DP World Limassol Limited	75%	Cyprus	Multi-purpose and general cargo terminal operations
DP World Sokhna SAE	100%	Egypt	Container and general cargo terminal operations
DPWorld Posorja S.A.	85.25%	Ecuador	Container terminal operations
Chennai Container Terminal Private Limited	100%	India	Container terminal operations
India Gateway Terminal Private Ltd	85.02%	India	Container terminal operations
Mundra International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva International Container Terminal Private Limited	100%	India	Container terminal operations

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. SIGNIFICANT GROUP ENTITIES CONTINUED

### B) SIGNIFICANT SUBSIDIARIES – PORTS CONTINUED

Legal Name	Ownership interest	Country of incorporation	Principal activities
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.	80%	Republic of Suriname	Container terminal operations
Suriname Port Services N.V.	80%	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 and general cargo 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 TIS-Pivdennyi	51%	Ukraine	Multi-purpose terminal
DP World UAE Region FZE	100%	United Arab Emirates	Container terminal operations
London Gateway Port Limited	100%	United Kingdom	Container terminal operations
Southampton Container Terminals Limited	100%	United Kingdom	Container terminal operations
Saigon Premier Container Terminal	80%	Vietnam	Roll-on/roll-off operations

### C) ASSOCIATES AND JOINT VENTURES – PORTS

Legal Name	Ownership interest	Country of incorporation	Principal activities
Djazair Port World Spa	50%	Algeria	Container terminal operations
DP World DjenDjen Spa	50%	Algeria	Container terminal operations
Antwerp Gateway N.V.*	60%	Belgium	Container terminal operations
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 (refer to note 39)	26%	India	Container terminal operations
Rotterdam World Gateway B.V.	30%	Netherlands	Container terminal operations
Qingdao Qianwan Container Terminal Co., Ltd	29%	People's Republic of China	Container terminal operations
Yantai International Container Terminals Ltd	12.50%	People's Republic of China	Container terminal operations
Terminales Portuarios Euroandinos Paita S.A.	50%	Peru	Container terminal operations
Asian Terminals Inc*	50.54%	Philippines	Container terminal operations
Laem Chabang International Terminal Co. Ltd	34.50%	Thailand	Container terminal operations

## 27. SIGNIFICANT GROUP ENTITIES CONTINUED

### D) OTHER NON-PORT BUSINESS

Legal Name	Ownership interest	Country of incorporation	Principal activities
P&O Maritime Services Pty Ltd	100%	Australia	Maritime services
DP World Antwerp Terminals N.V.	100%	Belgium	Ancillary container services
Topaz Energy and Marine Limited	100%	Bermuda	Charter of marine vessels and ship management
Unifeeder A/S	100%	Denmark	Maritime transport and logistics
Unimed Feeder Services A/S	100%	Denmark	Maritime transport and logistics
DP World Germersheim GmbH and Co. KG	100%	Germany	Inland container terminal operations
Container Rail Road Services Pvt Limited	100%	India	Container rail freight operations
Continental Warehousing Corporation (Nhava Seva) Limited	60.84%	India	Logistics, warehousing and transportation services
KRIBHCO Infrastructure Limited	46.24%	India	Logistics, warehousing and transportation services
Nhava Sheva Business Park Private Limited	65.00%	India	Free trade warehousing zone
Winter Logistics Private Limited	59.29%	India	Cold chain logistics
Empresa de Dragagem do Porto de Maputo, SA	25.50%	Mozambique	Dredging services
Maputo Intermodal Container Depot, SA	50.00%	Mozambique	Inland container depot and warehousing
Sociedade de Desenvolvimento do Porto de Maputo, S.A.	24.74%	Mozambique	Port management and cargo handling
DP World Germany B.V.	100%	Netherlands	Inland container terminal operations
Base Marine Norway AS	51%	Norway	Charter of marine vessels and ship management
P&O Maritime Services (PNG) Limited	100%	Papua New Guinea	Maritime services
P&O Maritime Paraguay (Holdings) S.A.	100%	Paraguay	Maritime transport and logistics
DP World Logistics SRL	100%	Peru	Logistics and warehousing services
Port Secure FZCO#	40%	Republic of Djibouti	Port security services
DP World Novi Sad AD	100%	Republic of Serbia	Inland container terminal operations
Unico Logistics Co. Ltd##	60%	South Korea	Freight forwarding and project cargo services
Remolcadores de Puerto y Altura, S.A.	57.01%	Spain	Maritime services
Remolques y Servicios Marítimos, S.L.	93%	Spain	Maritime services
Swissterminal Holding AG	44%	Switzerland	Inland container terminal operations
P&O Maritime Ukraine LLC	51%	Ukraine	Maritime services
DP World Logistics FZE	100%	United Arab Emirates	Trade facilitation through integrated electronic services
Dubai International Djibouti FZE#	100%	United Arab Emirates	Port management and operation
Drydocks World LLC	100%	United Arab Emirates	Ship building, repairs and docking services
Dubai Auto Zone Management FZE	100%	United Arab Emirates	Leasing operations
Dubai Textile City Management FZE	100%	United Arab Emirates	Leasing operations
Dubai Trade FZE	100%	United Arab Emirates	Trade facilitation through integrated electronic services
Jebel Ali Free Zone FZE	100%	United Arab Emirates	Management, operation and development of free zones, economic zones and industrial zones
Maritime World LLC	100%	United Arab Emirates	Property development and leasing
National Industries Park Management FZE	100%	United Arab Emirates	Management, operation and development of industrial zones
P&O Maritime FZE	100%	United Arab Emirates	Maritime services
P&O Marinas FZE	100%	United Arab Emirates	Operating marinas and property leasing
Unifeeder ISC FZCO##	72.9%	United Arab Emirates	Maritime transport and logistics
LG Park Freehold Limited	100%	United Kingdom	Management and operation of industrial parks
P&O Ferries Division Holdings Limited	100%	United Kingdom	Ferry services and logistics operator
Hyperloop Technologies, Inc. *	80.02%	United States of America	Development of hyperloop transportation system
syncreon Newco B.V.##	100%	United States of America	Specialised logistics and supply chain solution

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. SIGNIFICANT GROUP ENTITIES CONTINUED

- \* Although the Group has more than 50% effective ownership interest in these entities, they are not treated as subsidiaries, but instead treated as equity-accounted investees. The underlying shareholder agreements/board composition do not provide control to the Group.
- \*\* Although the Group only has a 33.34% effective ownership interest in this entity, it was treated as a subsidiary until 22 February 2018, as the Group was able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.
- \*\*\* Although the Group only has a 33.14% effective ownership interest in this entity, it is treated as a subsidiary, as the Group is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors.
- # On 22 February 2018, the Government of Djibouti illegally seized control of Djibouti operations and hence the Group has stopped consolidating this entity's operating results. The Group commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation. The London Court of International Arbitration ruled Djibouti government's seizure of control of the terminal from the Group as illegal. The Group will continue to pursue all legal means to defend its rights as a shareholder.
- ## Businesses acquired during the year; refer to note 26 for details.
- ### The Group has received advance proceeds from sale of non-controlling interest in this entity. Change in shareholding will be effective on transfer of shares which is expected to complete in H1 2022.

## 28. RELATED PARTY TRANSACTIONS

### OTHER RELATED PARTY TRANSACTIONS

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

	Parent Company 2021 USD'000	Equity-accounted investees 2021 USD'000	Other related parties 2021 USD'000	Total 2021 USD'000	Parent Company 2020 USD'000	Equity-accounted investees 2020 USD'000	Other related parties 2020 USD'000	Total 2020 USD'000
<i>Expenses charged:</i>								
Concession fee	–	–	8,369	8,369	–	–	7,872	7,872
Shared services	–	–	205	205	–	–	247	247
Marine service fees	–	–	12,024	12,024	–	–	12,041	12,041
IT services fee	–	–	66	66	–	–	2,710	2,710
Other services	–	–	1,234	1,234	–	–	3,209	3,209
Interest expense	–	–	51,331	51,331	–	–	54,464	54,464
<i>Revenue earned:</i>								
Revenue	–	–	10,020	10,020	–	–	9,131	9,131
Management fee	–	12,538	15,987	28,525	–	11,205	17,379	28,584
Interest income	98,252	3,322	–	101,574	45,774	1,989	–	47,763

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

	Due from related parties		Due to related parties	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Ultimate Parent Company	2,393	2,393	1,498	1,501
Parent Company	1,647,042	1,546,473	178,551	2
Equity-accounted investees	136,625	139,818	2,593	11,731
Other related parties	21,549	37,438	143,478	29,857
<b>Total</b>	<b>1,807,609</b>	<b>1,726,122</b>	<b>326,120</b>	<b>43,091</b>

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 38.

- (a) On 30 September 2021, the Group acquired a group of assets National Industries Park, the Al Aweer Free Zone for Cars and Dubai Textile City from Ports, Customs and Free Zone Corporation, a related party, for a gross consideration of USD 356,979 thousand and paid upfront consideration of USD 204,664 thousand. The deferred consideration of USD 152,316 thousand will be paid in equal instalments over 9 years.
- (b) On 17 February 2020, the Group's Parent Company, entered into USD 9 billion syndicated loan facilities (3 to 5 years tenor) which is guaranteed by the Group. USD 7.9 billion was drawn down by the Parent Company during the year. The remaining USD 1.1 billion facility has been acceded by the Group on 22 July 2020 and drawn down on 1 June 2021.

On 7 July 2020, the Group has advanced loan of USD 1.5 billion to the Parent Company for a period of 5.5 years at the interest rate of 6.125% per annum, which has been used by the Parent Company to prepay its syndicated loan facilities reducing its debt to USD 6.4 billion (refer to note 38).

## 28. 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:

	2021 USD'000	2020 USD'000
Short-term benefits and bonus	17,301	14,796
Post-retirement benefits	465	465
<b>Total</b>	<b>17,766</b>	<b>15,261</b>

## 29. FINANCIAL RISK MANAGEMENT

### OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

### A) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

### Trade and other receivables

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has not observed any significant changes to debtor days due to COVID-19, as compared to the previous year.

The Group applies IFRS 9 simplified approach to measure expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a very large number of small balances. These historical loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Thus, expected credit loss rates are based on the payment profile of sales over a period of 60 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. These historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group identified gross domestic product (GDP), global supply/demand index of container market, global freight rate index of container market, oil prices in international markets and consumer price index (CPI) to be the most relevant factors for performing macro level adjustments in expected credit loss financial model.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### OVERVIEW CONTINUED

#### A) CREDIT RISK CONTINUED

##### Other financial assets

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

##### Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries or parent, 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:

	2021 USD'000	2020 USD'000
Other investments	20,911	20,487
Trade and other receivables excluding prepayments	4,781,978	3,959,072
Bank balances and cash	3,917,739	2,142,110
<b>Total</b>	<b>8,720,628</b>	<b>6,121,669</b>

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

	2021 USD'000	2020 USD'000
Asia Pacific and India	330,884	100,984
Australia and Americas	445,829	204,396
Middle East, Europe and Africa	868,479	779,538
<b>Total</b>	<b>1,645,192</b>	<b>1,084,918</b>

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

	2021 USD'000	2020 USD'000
Neither past due nor impaired on the reporting date:	894,298	642,559
<i>Past due on the reporting date</i>		
Past due 0-30 days	408,579	209,545
Past due 31-60 days	152,880	82,988
Past due 61-90 days	65,585	29,571
Past due > 90 days	123,850	120,255
<b>Total</b>	<b>1,645,192</b>	<b>1,084,918</b>

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.

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### A) CREDIT RISK CONTINUED

#### i. Exposure to credit risk continued

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

	2021 USD'000	2020 USD'000
As at 1 January	170,106	150,963
Acquired through business combinations	2,262	2,318
Provision recognised during the year	28,306	16,825
<b>As at 31 December</b>	<b>200,674</b>	<b>170,106</b>

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due.

Current trade receivables with the top ten customers represent 33.5% (2020: 36%) of the trade receivables.

### B) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase. COVID-19 has not impacted the Group's ability to maintain the normal payment cycle.

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
<i>Non derivative financial liabilities</i>						2020
Issued bonds	8,618,876	(14,873,950)	(416,874)	(416,915)	(2,331,886)	(11,708,275)
Bank loans	4,496,479	(5,992,744)	(704,284)	(376,324)	(1,974,987)	(2,937,149)
Loans from non-controlling shareholders	811,366	(1,218,600)	(50,743)	(49,663)	(170,460)	(947,734)
Lease and service concession liabilities	3,164,442	(9,240,385)	(355,115)	(342,160)	(824,510)	(7,718,600)
Trade and other payables	2,502,429	(2,538,617)	(2,364,717)	(71,936)	(13,888)	(88,076)
<i>Derivative financial liabilities</i>						
Interest rate swaps used for hedging	145,281	(154,778)	(47,067)	(41,064)	(56,205)	(10,442)
<b>Total</b>	<b>19,738,873</b>	<b>(34,019,074)</b>	<b>(3,938,800)</b>	<b>(1,298,062)</b>	<b>(5,371,936)</b>	<b>(23,410,276)</b>
<i>Non derivative financial liabilities</i>						2021
Issued bonds	8,550,470	(14,372,493)	(415,521)	(1,590,533)	(1,957,061)	(10,409,378)
Bank loans	6,650,619	(7,951,354)	(520,772)	(2,671,313)	(1,987,309)	(2,771,960)
Loans from non-controlling shareholders	740,691	(1,043,918)	(31,209)	(31,264)	(106,881)	(874,564)
Lease and service concession liabilities	3,878,835	(10,561,301)	(500,315)	(431,483)	(1,133,714)	(8,495,789)
Trade and other payables	3,533,370	(3,568,600)	(3,288,830)	(94,664)	(84,942)	(100,164)
<i>Derivative financial liabilities</i>						
Derivative instruments	122,494	(184,618)	(52,987)	(38,329)	(88,016)	(5,286)
<b>Total</b>	<b>23,476,479</b>	<b>(37,682,284)</b>	<b>(4,809,634)</b>	<b>(4,857,586)</b>	<b>(5,357,923)</b>	<b>(22,657,141)</b>

Also, refer to note 38 for further details on financial guarantees and letters of credit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### OVERVIEW CONTINUED

#### C) MARKET RISK

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

During the year, COVID-19 had no significant impact on Group's exposure to foreign exchange and interest rate risks.

#### 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 65% (2020: 57%) with the result that the Group's USD consolidated statement of financial position, and in particular shareholder's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency of USD further reducing the risk of currency movements.

A portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using foreign currency forward exchange contracts is undertaken to reduce the short-term effect of currency movements.

When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using foreign currency forward exchange contracts in order to fix the cost when converted to the functional currency. The Group classifies its foreign currency forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### C) MARKET RISK CONTINUED

#### i. Currency risk continued

##### Exposure to currency risk

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

	USD* USD'000	GBP USD'000	EUR USD'000	AUD USD'000	INR USD'000	CAD USD'000	KRW USD'000	Others USD'000	2020 Total USD'000
Bank balances and cash	1,231,612	202,411	254,105	60,144	68,477	76,540	135,016	113,805	2,142,110
Trade receivables	846,159	226,776	118,235	57,517	54,796	62,563	27,184	51,726	1,444,956
Unbilled revenue	123,434	25,547	4,869	-	6,103	762	253	2,028	162,996
Deposits receivable	16,091	-	1,651	-	886	-	1,479	124	20,231
Bank loans	(2,335,858)	(1,017,029)	(44,468)	(341,616)	(95,929)	(411,244)	-	(250,335)	(4,496,479)
Loan from non-controlling shareholders	(20,622)	-	(17,455)	(578,179)	-	(195,110)	-	-	(811,366)
Unsecured bonds	(7,232,883)	(472,255)	(913,738)	-	-	-	-	-	(8,618,876)
Lease and service concession liabilities	(1,653,654)	(522,626)	(119,329)	(542,258)	(11,830)	(254,747)	(20,486)	(39,512)	(3,164,442)
Trade payables	(125,694)	(168,575)	(97,994)	(8,133)	(17,919)	(14,294)	(6,742)	(36,090)	(475,441)
Advances and deposits from customers	(402,068)	-	-	-	(5,714)	-	-	(231)	(408,013)
Net consolidated statement of financial position exposures	(9,553,483)	(1,725,751)	(814,124)	(1,352,525)	(1,130)	(735,530)	136,704	(158,485)	(14,204,324)

  

	USD* USD'000	GBP USD'000	EUR USD'000	AUD USD'000	INR USD'000	CAD USD'000	KRW USD'000	Others USD'000	2021 Total USD'000
Bank balances and cash	2,669,938	335,728	305,542	110,018	105,010	66,408	180,016	145,079	3,917,739
Trade receivables	1,427,324	217,996	151,600	59,253	51,787	67,282	34,625	28,851	2,038,718
Unbilled revenue	233,943	30,784	7,719	-	11,123	3,489	853	756	288,667
Deposits receivable	9,337	-	2,245	-	5,375	2,210	1,762	774	21,703
Bank loans	(4,516,049)	(1,001,079)	(42,254)	(320,397)	(121,275)	(415,625)	-	(233,940)	(6,650,619)
Loan from non-controlling shareholders	(35,969)	-	(18,322)	(490,744)	(67)	(195,589)	-	-	(740,691)
Unsecured bonds	(7,237,692)	(467,725)	(845,053)	-	-	-	-	-	(8,550,470)
Lease and service concession liabilities	(2,116,335)	(503,600)	(358,404)	(546,969)	(27,121)	(248,526)	(38,581)	(39,299)	(3,878,835)
Trade payables	(410,847)	(168,236)	(129,970)	(11,623)	(27,669)	(15,442)	(2,483)	(25,851)	(792,121)
Advances and deposits from customers	(558,091)	-	-	-	(9,356)	-	-	(1,678)	(569,125)
Net consolidated statement of financial position exposures	(10,534,441)	(1,556,132)	(926,897)	(1,200,462)	(12,193)	(735,793)	176,192	(125,308)	(14,915,034)

\* The functional currency of the Company is UAE dirham. UAE dirham is pegged to USD and therefore the Group has no foreign currency risk on these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### C) MARKET RISK CONTINUED

#### i. Currency risk continued

##### Sensitivity analysis

A 10% weakening 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	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
GBP	(5,614)	(5,758)	(172,904)	(191,809)
EUR	(137)	(30)	(102,989)	(90,458)
AUD	(3,045)	(4,307)	(133,385)	(150,281)
INR	(929)	(751)	(1,516)	(126)
CAD	(975)	(2,565)	(81,755)	(81,726)
KRW	(165)	(45)	19,577	15,189

A 10% strengthening of the USD against the above currencies at 31 December would have had the equal but opposite effect 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 2021, after taking into account the effect of interest rate swaps, approximately 84% (2020:94%) 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	
	2021 USD'000	2020 USD'000
<b>Fixed rate instruments</b>		
Financial liabilities (includes loans and borrowings, loan from non-controlling shareholders and lease & concession liabilities)	(14,687,490)	(13,414,275)
Interest rate swaps hedging floating rate debt	(2,175,357)	(2,663,728)
<b>Total</b>	<b>(16,862,847)</b>	<b>(16,078,003)</b>
<b>Variable rate instruments</b>		
Financial assets (includes short term deposits and deposits under lien)	1,770,403	742,065
Financial liabilities (includes loans and borrowings, loan from non-controlling shareholders and lease & concession liabilities)	(5,133,125)	(3,676,888)
Interest rate swaps hedging floating rate debt	2,175,358	2,663,728
<b>Total</b>	<b>(1,187,364)</b>	<b>(271,095)</b>

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### C) MARKET RISK CONTINUED

#### ii. Interest rate risk continued

##### Cash flow sensitivity analysis for variable rate instruments

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

	Consolidated statement of profit or loss		Consolidated statement of other comprehensive income	
	100 bp increase USD'000	100 bp decrease USD'000	100 bp increase USD'000	100 bp Decrease USD'000
<b>2021</b>				
Variable rate instruments	(11,874)	11,874	-	-
Interest rate swaps	(300)	300	21,454	(21,454)
<b>Cash flow sensitivity (net)</b>	<b>(12,174)</b>	<b>12,174</b>	<b>21,454</b>	<b>(21,454)</b>
<b>2020</b>				
Variable rate instruments	(2,711)	2,711	-	-
Interest rate swaps	(1,150)	1,150	25,487	(25,487)
<b>Cash flow sensitivity (net)</b>	<b>(3,861)</b>	<b>3,861</b>	<b>25,487</b>	<b>(25,487)</b>

### 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	2021 Carrying amount USD'000	2021 Fair value USD'000	2020 Carrying amount USD'000	2020 Fair value USD'000
<b>FVOCI – equity instruments</b>	2	20,911	20,911	20,487	20,487
<b>Financials assets carried at amortised cost</b>					
Trade and other receivables**		4,781,978	4,781,978	3,959,072	3,959,072
Bank balances and cash*		3,917,739	3,917,739	2,142,110	2,142,110
<b>Financial liabilities carried at fair value</b>					
Derivative instruments	2	(164,317)	(164,317)	(145,281)	(145,281)
<b>Financial liabilities carried at amortised cost</b>					
Issued bonds	1	(8,550,470)	(9,703,460)	(8,618,876)	(10,019,708)
Bank loans*		(6,650,619)	(6,650,619)	(4,496,479)	(4,496,479)
Loans from non-controlling shareholders*		(740,691)	(740,691)	(811,366)	(811,366)
Lease and service concession liabilities*		(3,878,835)	(3,878,835)	(3,164,442)	(3,164,442)
Trade and other payables**		(3,491,547)	(3,491,547)	(2,502,429)	(2,502,429)

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. FINANCIAL RISK MANAGEMENT CONTINUED

### OVERVIEW CONTINUED

#### D) FAIR VALUE CONTINUED

##### Fair value hierarchy continued

The fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

## 30. SHARE CAPITAL

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

	2021 USD'000	2020 USD'000
<b>Authorised</b>		
1,250,000,000 of USD 2.00 each	2,500,000	2,500,000
<b>Issued and fully paid</b>		
830,000,000 of USD 2.00 each	1,660,000	1,660,000

## 31. RESERVES

### SHARE PREMIUM

Share premium represents surplus received over and above the nominal cost of the shares issued to the shareholders and forms part of the shareholder equity. The reserve is not available for distribution except in circumstances as stipulated by the DIFC Companies 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.

	Hedging and other reserves USD'000	Actuarial reserve USD'000	Total other reserves USD'000
Balance as at 1 January 2020	(3,603)	(588,848)	(592,451)
Other comprehensive income, net of tax	(49,192)	(33,115)	(82,307)
Balance as at 31 December 2020	(52,795)	(621,963)	(674,758)
<b>Balance as at 1 January 2021</b>	<b>(52,795)</b>	<b>(621,963)</b>	<b>(674,758)</b>
Other comprehensive income, net of tax	27,839	53,767	81,606
<b>Balance as at 31 December 2021</b>	<b>(24,956)</b>	<b>(568,196)</b>	<b>(593,152)</b>

### 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 includes the unrealised fair value changes on FVOCI financial instruments.

### ACTUARIAL RESERVE

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

### TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It mainly includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

## 32. HYBRID EQUITY INSTRUMENT

### SUBORDINATED PERPETUAL CERTIFICATES

On 1 July 2020, the Group issued unsecured subordinated perpetual certificates ("hybrid bond") of USD 1,500,000 thousand which are listed on London Stock Exchange and Nasdaq Dubai. These bonds are deeply subordinated with no maturity date. The bonds have a fixed profit rate of 6% per annum payable semi-annually in arrears till the first call date on 1 October 2025 and will be reset thereafter every 5 years to a new fixed rate plus the margin.

The Group has an unconditional right to avoid paying out cash or another financial asset for the principal or profit as there is no contractual obligation to make any profit payment under the terms of the hybrid bond. Consequently, in compliance with IAS 32, these bonds are recorded as equity instruments and accordingly, these are accounted at net of transaction costs and discount of USD 23,314 thousand on their initial recognition.

## 33. LOANS AND BORROWINGS

	2021 USD'000	2020 USD'000
Issued bonds	8,550,470	8,618,876
Bank loans*	6,650,619	4,496,479
	<b>15,201,089</b>	13,115,355
of which:		
Classified as non-current	14,834,941	12,617,341
Classified as current	366,148	498,014
of which:		
Secured loans and borrowings	3,502,056	3,393,881
Unsecured loans and borrowings	11,699,033	9,721,474

The below table provides movement of loans and borrowings:

	2021 USD'000	2020 USD'000
<b>Balance at 1 January</b>	<b>13,115,355</b>	13,280,884
<b>Cash flow items</b>		
Drawdown of borrowings	2,742,542	1,870,540
Repayment of borrowings	(828,016)	(2,267,639)
Repurchase of convertible bonds**	-	(254,400)
<b>Other non-cash items</b>		
Acquired through business combinations	281,427	334,954
Disposal of subsidiary	(2,857)	-
Interest accretion on convertible bonds	-	32,096
Transaction cost written off/amortised during the year	22,402	20,182
Translation adjustments	(129,764)	98,738
<b>Balance at 31 December</b>	<b>15,201,089</b>	13,115,355

The loans and borrowings carry interest rate in the range of 0.6 % to 10.75% per annum.

\* On 1 June 2021, the Group has drawn USD 1.1 billion from the facility acceded from the Parent Company (refer to note 28).

\*\* During 2020, the Group redeemed the remaining USD 254,400 thousand of 10 year USD 1 billion unsecured convertible bonds due 2024.

At 31 December 2021, the undrawn committed borrowing facilities of USD 1.5 billion (2020: USD 3.4 billion) were available to the Group, in respect of which all conditions precedent had been met.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. LOANS AND BORROWINGS CONTINUED

The maturity profile of the Group's loans and borrowings (including acquired from business combinations) as of 31 December is as below:

Year of maturity	Bonds USD'000	Loans USD'000	Total USD'000
2022*	–	366,148	366,148
2023*	1,196,851	2,523,083	3,719,934
2024	–	344,156	344,156
2025	–	700,590	700,590
2026*	845,053	564,724	1,409,777
2027	7,979	287,541	295,520
2028	994,265	213,281	1,207,546
2029	986,650	101,336	1,087,986
2030	964,175	125,284	1,089,459
2031	–	109,315	109,315
2032-36	–	727,252	727,252
2037-46	1,740,876	587,909	2,328,785
Beyond 2047	1,814,621	–	1,814,621
<b>Total</b>	<b>8,550,470</b>	<b>6,650,619</b>	<b>15,201,089</b>

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 11). The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 21).

Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 29.

\* This includes loans and borrowings acquired through business combinations.

In March 2021, the ICE Benchmark Administration (the administrator of LIBOR), in conjunction with the UK's Financial Conduct Authority (FCA) announced that it will stop publishing the LIBOR settings (excluding USD LIBOR) after 31 December 2021. USD LIBOR settings will cease to be published based on panel bank submissions after 30 June 2023. During the year, the Group has undertaken IBOR transition and have applied the Phase 2 amendments. New benchmark rates are concluded as economically equivalent compared to old benchmark rate. The hedge is effective as there is no uncertainty attached to cashflow for both hedge item and hedge instrument and hedge is continued to be effective under the Phase 2 of the IBOR reforms issued by IASB.

## 34. LEASE AND SERVICE CONCESSION LIABILITIES

### A) GROUP AS A LESSEE/CONCESSIONAIRE

	Lease liabilities (IFRS 16) 2021 USD'000	Service concession liabilities (IFRIC 12) 2021 USD'000	Total 2021 USD'000	Lease liabilities (IFRS 16) 2020 USD'000	Service concession liabilities (IFRIC 12) 2020 USD'000	Total 2020 USD'000
At 1 January	2,709,050	455,392	3,164,442	2,513,190	–	2,513,190
Acquired through business combination	211,232	–	211,232	103,313	–	103,313
Additions	881,664	23,282	904,946	262,287	412,730	675,017
Payments	(501,746)	(37,352)	(539,098)	(355,814)	(24,011)	(379,825)
Interest expense	150,727	36,698	187,425	142,666	25,896	168,562
Lease modifications	(1,019)	–	(1,019)	(35,571)	–	(35,571)
Reclassification from other liabilities	–	20,454	20,454	–	37,218	37,218
Translation adjustment	(65,872)	(3,675)	(69,547)	78,979	3,559	82,538
<b>As at 31 December</b>	<b>3,384,036</b>	<b>494,799</b>	<b>3,878,835</b>	<b>2,709,050</b>	<b>455,392</b>	<b>3,164,442</b>
<b>Classified as:</b>						
Non-current	2,887,712	488,453	3,376,165	2,520,438	449,764	2,970,202
Current	496,324	6,346	502,670	188,612	5,628	194,240
<b>Total</b>	<b>3,384,036</b>	<b>494,799</b>	<b>3,878,835</b>	<b>2,709,050</b>	<b>455,392</b>	<b>3,164,442</b>

Refer to note 12 for right-of-use assets and refer to note 29(B) for maturity profile of lease liabilities.

### B) GROUP AS A LESSOR

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

	2021 USD'000	2020 USD'000
Within one year	606,533	624,000
Between one to five years	1,288,819	1,206,282
More than five years	1,397,500	1,093,383
<b>Total</b>	<b>3,292,852</b>	<b>2,923,665</b>

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, vessels and certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods at rental rates based on negotiations or prevailing market rates.

## 35. LOANS FROM NON-CONTROLLING SHAREHOLDERS

	2021 USD'000	2020 USD'000
Non-current portion	739,624	810,366
Current portion	1,067	1,000
<b>Total</b>	<b>740,691</b>	<b>811,366</b>

These non-current loans mainly include USD 689,581 thousand (2020: USD 775,172 thousand) granted by non-controlling shareholders of entities under 'Australia and Americas' region. These loans carry interest rate ranging between 2%-8.5% (2020: 5.5%-8.0% per annum) and repayable between 2022 and 2038.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

For calculating these ratios:

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

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The key performance ratios as at 31 December are as follows:

	2021*	2020*	2021	2020
	USD'000	USD'000	USD'000	USD'000
Total loans and borrowings (refer to note 33)	15,201,089	13,115,355	15,201,089	13,115,355
Add: lease and concession liabilities (refer to note 34)	–	–	3,878,835	3,164,442
Less: cash and cash equivalents (refer to note 21)	(3,009,193)	(2,091,766)	(3,009,193)	(2,091,766)
Total adjusted net debt	<b>A 12,191,896</b>	11,023,589	<b>16,070,731</b>	14,188,031
Equity	<b>B 16,103,578</b>	15,400,509	<b>16,103,578</b>	15,400,509
Adjusted EBITDA	<b>3,827,557</b>	3,319,455	<b>3,827,557</b>	3,319,455
Less: leases and concession fee expense	<b>(539,098)</b>	(379,825)	–	–
Total	<b>C 3,288,459</b>	2,939,630	<b>3,827,557</b>	3,319,455
Adjusted net debt/adjusted equity	<b>A/B 0.76</b>	0.72	<b>1.00</b>	0.92
Adjusted net debt/adjusted EBITDA	<b>A/C 3.71</b>	3.75	<b>4.20</b>	4.27

\* Ratios recomputed without considering the impacts of leases and concession liabilities.

## 37. CAPITAL COMMITMENTS

	2021	2020
	USD'000	USD'000
Estimated capital expenditure contracted	1,222,103	698,935
Estimated capital expenditure contracted by equity-accounted investees	99,160	124,899
<b>Total</b>	<b>1,321,263</b>	823,834

## 38. CONTINGENCIES

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

	2021	2020
	USD'000	USD'000
Performance guarantees	149,785	131,726
Payment guarantees	74,233	67,116
Letters of credit	28,141	110,899
Guarantees issued on behalf of equity-accounted investees	39,379	41,985
Guarantees given on behalf of Parent company's external debt*	6,400,000	6,400,000
<b>Total</b>	<b>6,691,538</b>	6,751,726

\* On 17 February 2020, the Group's Parent Company, entered into USD 9 billion syndicated loan facilities (3 to 5 years tenor) which is guaranteed by the Group. USD 7.9 billion was drawn down by the Parent Company and the remaining USD 1.1 billion facility has been acceded by the Group on 22 July 2020, which was drawn down on 1 June 2021. On 7 July 2020, USD1.5 billion has been prepaid by the Parent Company under the syndicated loan facilities, reducing its debt to USD 6.4 billion.

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.

## 39. SUBSEQUENT EVENTS

- On 10 February 2022, the Group has disposed 26% equity interest in Visakha Container Terminals Private Limited, India.
- The Group announced the acquisition of 100% equity interest in Imperial Logistics Limited, an integrated logistics and market access company with operations mainly across the African continent and in Europe. The transaction is now unconditional and will be implemented on 14 March 2022, for a purchase consideration of approximately ZAR 12.7 billion. Imperial Logistics is listed on the Johannesburg Stock Exchange (JSE).

The acquisition will enhance Group's capabilities building on its extensive infrastructure of ports, terminals and economic zones. It will also significantly accelerate the Group's transformation into an advanced logistics company offering end to end supply chain services to the owners of cargo.