Independent Auditors' Report
To the Shareholders of DP World Limited

Report on the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our Response to Address the Key Audit Matter

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

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

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

We assessed the adequacy of the disclosures in this area.

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

20 March 2017

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

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

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

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

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

* A significant portion of this includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. The translation differences arising on account of translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is pegged to the presentation currency.

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

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

Consolidated statement of financial position
as at 31 December 2016

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

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

Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

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

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

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

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

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

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

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

1. Corporate information

DP World Limited ("the Company") was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the Companies Law, DIFC Law No. 3 of 2006. The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, industrial parks and economic zones, logistics and ancillary services to technology-driven trade solutions.

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

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

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

2. Basis of preparation of the consolidated financial statements

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

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

a) Use of estimates and judgements

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

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

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

b) New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

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

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

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

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

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

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

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

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

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

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

The Group is in the process of collating its leases and computing the impact. The impact of this standard's application is expected to be significant.

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

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

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

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

3. Significant accounting policies

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

a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

iii. Disposal of subsidiaries (loss of control)

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

iv. Non-controlling interests

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

v. Structured entities

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

3. Significant accounting policies (continued)

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

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

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

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

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

vii. Transactions eliminated on consolidation

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

b) Foreign currency

i. Functional and presentation currency

These consolidated financial statements are presented in USD, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which it operates (functional currency).

ii. Foreign currency transactions and balances

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

iii. Foreign operations

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

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

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

c) Financial instruments

i. Non-derivative financial assets

Initial recognition and subsequent measurement

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

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

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

3. Significant accounting policies (continued)

c) Financial instruments (continued)

i. Non-derivative financial assets (continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

ii. Non-derivative financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Convertible bond

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

Derecognition

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

iii. Derivative financial instruments

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

Initial recognition

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

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

Subsequent measurement

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

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

Derecognition

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

3. Significant accounting policies (continued)

d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 3(j) (i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located. Such property, plant and equipment does not directly increase the future economic benefits of any particular existing item of property, plant and equipment, but may be necessary for an entity to obtain the future economic benefits from its other assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

Dredging

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

ii. Subsequent costs

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

iii. Depreciation

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

The estimated useful lives of assets are as follows:

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

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

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

iv. Borrowing costs

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

e) Investment properties

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

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

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

3. Significant accounting policies (continued)

e) Investment properties (continued)

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

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

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

f) Land use rights

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

g) Goodwill

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

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

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

h) Port concession rights

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

i. Port concession rights arising on business combinations

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

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 3(j)(i)). Internally generated port concession rights, excluding capitalised development costs, are recognised in the consolidated statement of profit or loss as incurred. The useful lives of port concession rights are assessed to be either finite or indefinite. Port concession rights with finite lives are amortised on a straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the port concession rights may be impaired.

The amortisation period and amortisation method for port concession rights with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expenses on port concession rights with finite useful lives are recognised in the consolidated statement of profit or loss on a straight line basis. Port concession rights with indefinite lives (arising where freehold rights are granted) are not amortised and are tested for impairment at least on an annual basis or when the impairment indicator exists, either individually or at the cash-generating unit level. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3. Significant accounting policies (continued)

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

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

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

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

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

i) Leases

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

i. Group as a lessee

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

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

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

ii. Group as a lessor

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

iii. Leasing and sub-leasing transactions

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

iv. Leases of land in port concession

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

j) Impairment

i. Non-financial assets

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

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

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

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

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

3. Significant accounting policies (continued)

j) Impairment (continued)

i. Non-financial assets (continued)

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

ii. Financial assets

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

Loans and receivables and held to maturity investments

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

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

Available-for-sale financial assets

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

k) Employee benefits

i. Pension and post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

ii. Short-term service benefits

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

l) Provisions

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

3. Significant accounting policies (continued)

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

m) Revenue

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

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

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

i. Rendering of services

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

ii. Service concession arrangements (IFRIC 12)

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

iii. Lease rentals and related services

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

n) Finance income and costs

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the consolidated statement of profit or loss.

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

o) Income tax

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

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

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

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

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

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

3. Significant accounting policies (continued)

p) Earnings per share

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

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

q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors ('Chief Operating Decision Maker') to assess performance.

r) Separately disclosed items

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

4. Segment information

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

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

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

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and port concession rights other than goodwill. Information regarding the results of each reportable segment is included below.

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

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

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

4. Segment information (continued)

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

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

5. Revenue

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

6. Profit for the year

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

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

7. Finance income and costs

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

8. Income tax

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

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

8. Income tax (continued)

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

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

Unrecognised deferred tax assets

Deferred tax assets are not recognised on trading losses of USD 656,449 thousand (2015: USD 649,508 thousand) where utilisation is uncertain, either because they have not been agreed with tax authorities, or because the likelihood of future taxable profits is not sufficiently certain, or because of the impact of tax holidays. Under current legislation, USD 420,692 thousand (2015: USD 446,958 thousand) of these trading losses can be carried forward indefinitely.

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

Group tax rates

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

Geographical segments	Applicable corporate tax rate
Asia Pacific and Indian subcontinent	16.5% to 34.6%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 34.0%

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

8. Income tax (continued)

Movement in temporary differences during the year:

	1 January 2016 USD'000	Recognised in consolidated statement of profit or loss USD'000	Acquisitions in the period USD'000	Translation and other movements USD'000	31 December 2016 USD'000
Deferred tax liabilities					
Property, plant and equipment	**106,667**	**256**	**10,580**	**(24,904)**	**92,599**
Investment in equity-accounted investees	**40,158**	**6,218**	**–**	**1,082**	**47,458**
Fair value of acquired intangibles	**425,169**	**(21,390)**	**54,850**	**(17,214)**	**441,415**
Others	**425,366**	**(1,513)**	**(139)**	**(12,946)**	**410,768**
Total before set off	**997,360**	**(16,429)**	**65,291**	**(53,982)**	**992,240**
Set off of tax	**(56,724)**	**–**	**–**	**–**	**(46,983)**
Net deferred tax liabilities	**940,636**	**–**	**–**	**–**	**945,257**
Deferred tax assets					
Pension and post-employment benefits	**7,185**	**594**	**677**	**4,619**	**13,075**
Financial instruments	**13,644**	**(1,791)**	**–**	**(3,487)**	**8,366**
Provisions	**2,839**	**398**	**881**	**(206)**	**3,912**
Tax value of losses carried forward recognised	**33,148**	**(2,671)**	**–**	**(8,847)**	**21,630**
Total before set off	**56,816**	**(3,470)**	**1,558**	**(7,921)**	**46,983**
Set off of tax	**(56,724)**	**–**	**–**	**–**	**(46,983)**
Net deferred tax assets (included within non-current account receivables and prepayments)	**92**	**–**	**–**	**–**	**–**

9. Separately disclosed items

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

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

Impairment of property, plant and equipment relates to a subsidiary in the 'Middle East, Europe and Africa' region.

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

9. Separately disclosed items (continued)

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

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

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

Net gain on restructuring of loan mainly represents the fair value gain being the difference between the fair value of the loan based on market rate of interest as against the carrying value, reversal of excess interest accrual on the old loan partly offset by the transaction costs written off on the restructuring of a loan in a subsidiary in the 'Asia Pacific and Indian subcontinent' region.

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

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

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

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

10. Dividends

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

11. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	2016 Before separately disclosed items USD'000	2016 Adjusted for separately disclosed items USD'000	2015 Before separately disclosed items USD'000	2015 Adjusted for separately disclosed items USD'000
Profit attributable to the ordinary shareholders of the Company (a)	**1,126,554**	**1,024,254**	882,576	882,931
Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion	**18,666**	**(8,686)**	18,599	34,774
Profit attributable to the ordinary shareholders of the Company after conversion (b)	**1,145,220**	**1,015,568**	901,175	917,705
Weighted average number of basic shares outstanding as at 31 December (c)	**830,000,000**	**830,000,000**	830,000,000	830,000,000
Weighted average numbers of shares due to conversion of convertible bond	**36,846,510**	**36,846,510**	36,846,510	36,846,510
Total weighted average number of ordinary share (diluted) outstanding – (d)	**866,846,510**	**866,846,510**	866,846,510	866,846,510
Basic earnings per share US cents – (a/c)	**135.73**	**123.40**	106.33	106.38
Diluted earnings per share US cents – (b/d)	**132.11**	**117.16**	103.96	105.87

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

12. Property, plant and equipment

	Land and buildings USD'000	Plant and equipment USD'000	Vessels USD'000	Capital work- in-progress USD'000	Total USD'000
Cost					
As at 1 January 2015	3,424,782	3,739,307	274,767	889,842	8,328,698
Acquired through business combination	27,809	27,153	–	12,723	67,685
Additions during the year	6,322	36,588	5,358	1,119,127	1,167,395
Transfers from capital work-in-progress	584,673	286,747	34,222	(905,642)	–
Transfer (to)/ from investment properties	(28,327)	–	–	82	(28,245)
Disposals	(51,204)	(44,373)	(20,058)	(36)	(115,671)
Translation adjustment	(79,380)	(118,240)	(14,740)	(59,138)	(271,498)
As at 31 December 2015	3,884,675	3,927,182	279,549	1,056,958	9,148,364
As at 1 January 2016	**3,884,675**	**3,927,182**	**279,549**	**1,056,958**	**9,148,364**
Acquired through business combination	**14,964**	**327,868**	**–**	**1,649**	**344,481**
Additions during the year	**11,324**	**62,225**	**2,960**	**997,216**	**1,073,725**
Transfers from capital work-in-progress	**381,421**	**282,300**	**2,013**	**(665,734)**	**–**
Transfer (to)/ from investment properties	**–**	**270**	**–**	**–**	**270**
Disposals	**(30,296)**	**(48,649)**	**(2,455)**	**–**	**(81,400)**
Translation adjustment	**(90,513)**	**(285,415)**	**(3,817)**	**(64,484)**	**(444,229)**
As at 31 December 2016	**4,171,575**	**4,265,781**	**278,250**	**1,325,605**	**10,041,211**
Depreciation and impairment					
As at 1 January 2015	782,140	1,130,022	60,376	–	1,972,538
Charge for the year	109,734	203,474	19,050	–	332,258
Impairment loss	–	653	–	–	653
Transfer to investment properties	(4,587)	–	–	–	(4,587)
On disposals	(963)	(42,709)	(15,693)	–	(59,365)
Translation adjustment	(16,803)	(39,663)	(5,793)	–	(62,259)
As at 31 December 2015	869,521	1,251,777	57,940	–	2,179,238
As at 1 January 2016	**869,521**	**1,251,777**	**57,940**	**–**	**2,179,238**
Acquired through business combination	**1,289**	**125,875**	**–**	**–**	**127,164**
Charge for the year	**130,858**	**212,027**	**19,392**	**–**	**362,277**
Impairment loss	**4**	**772**	**–**	**–**	**776**
On disposals	**(21,966)**	**(44,699)**	**(1,370)**	**–**	**(68,035)**
Translation adjustment	**(10,479)**	**(70,089)**	**(1,718)**	**–**	**(82,286)**
As at 31 December 2016	**969,227**	**1,475,663**	**74,244**	**–**	**2,519,134**
Net book value					
At 31 December 2015	3,015,154	2,675,405	221,609	1,056,958	6,969,126
At 31 December 2016	**3,202,348**	**2,790,118**	**204,006**	**1,325,605**	**7,522,077**

In the prior years, the Group had entered into agreements with third parties pursuant to which the Group participated in a series of linked transactions including leasing and sub-leasing of certain cranes of the Group ("the Crane French Lease Arrangements"). At 31 December 2016, cranes with aggregate net book value amounting to USD 225,756 thousand (2015: USD 241,494 thousand) were covered by these Crane French Lease Arrangements. These cranes are accounted for as property, plant and equipment as the Group retains all the risks and rewards incidental to the ownership of the underlying assets.

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

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

13. Investment properties

	Land USD'000	Buildings and infra-structure USD'000	Under develop-ment USD'000	Total USD'000
Cost				
As at 1 January 2015	–	–	–	–
Acquired through business combination	31,407	745,006	293,579	1,069,992
Additions during the year	–	108,307	–	108,307
Transfers	–	88,454	(88,454)	–
Transfer from/ (to) property, plant and equipment	–	28,327	(82)	28,245
Translation adjustment	(1,029)	–	(27)	(1,056)
As at 31 December 2015	30,378	970,094	205,016	1,205,488
As at 1 January 2016	**30,378**	**970,094**	**205,016**	**1,205,488**
Additions during the year	**3,491**	**88,801**	**44,609**	**136,901**
Transfers	**–**	**11,716**	**(11,716)**	**–**
Transfer from/ (to) property, plant and equipment	**–**	**–**	**(270)**	**(270)**
Disposals	**–**	**–**	**–**	**–**
Translation adjustment	**(260)**	**–**	**(97)**	**(357)**
As at 31 December 2016	**33,609**	**1,070,611**	**237,542**	**1,341,762**
Depreciation and impairment				
As at 1 January 2015	–	–	–	–
Depreciation charge for the year	–	23,672	–	23,672
Transfer from property, plant and equipment	–	4,587	–	4,587
As at 31 December 2015	–	28,259	–	28,259
As at 1 January 2016	**–**	**28,259**	**–**	**28,259**
Depreciation charge for the year	**–**	**33,178**	**–**	**33,178**
As at 31 December 2016	**–**	**61,437**	**–**	**61,437**
Net book value:				
As at 31 December 2015	30,378	941,835	205,016	1,177,229
As at 31 December 2016	**33,609**	**1,009,174**	**237,542**	**1,280,325**

Land:

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

Building and infrastructure:

At 31 December 2016, the fair value of buildings and infrastructure was USD 2,107,291 thousand (2015: USD 1,942,275 thousand) compared to the carrying value of USD 1,009,174 thousand (2015: USD 941,835 thousand). The buildings and infrastructure are constructed on a land for which the Economic Zones and Logistics park business obtained land use rights for a period of 99 years.

Investment properties under development:

Investment properties under development mainly include infrastructure development, staff accommodation and the convention centre complex in Jebel Ali Free Zone, UAE. These properties will be capitalised upon completion and their fair value cannot be reliably determined as the properties are currently under development.

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

13. Investment properties (continued)

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

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties have been performed using income capitalization, comparable and residual methods of valuation. The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market. The significant unobservable inputs used in the fair value measurement are as follows:

- Market rent (per square metre per annum)
- Rent growth per annum
- Historical and estimated long term occupancy rate
- Yields, discount rates and terminal capitalization rates

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

14. Intangible assets and goodwill

	Land use rights USD'000	Goodwill USD'000	Port concession rights and other intangible assets USD'000	Total USD'000
Cost				
As at 1 January 2015	–	1,448,194	3,754,188	5,202,382
Acquired through business combinations	2,677,717	114,513	411,585	3,203,815
Additions	–	–	113,419	113,419
Disposals	–	–	(3,838)	(3,838)
Translation adjustment	–	(102,321)	(233,187)	(335,508)
As at 31 December 2015	2,677,717	1,460,386	4,042,167	8,180,270
As at 1 January 2016	**2,677,717**	**1,460,386**	**4,042,167**	**8,180,270**
Acquired through business combinations	**–**	**61,519**	**498,400**	**559,919**
Additions	**–**	**–**	**87,502**	**87,502**
Translation adjustment	**–**	**(166,122)**	**(194,357)**	**(360,479)**
As at 31 December 2016	**2,677,717**	**1,355,783**	**4,433,712**	**8,467,212**
Amortisation and impairment				
As at 1 January 2015	–	–	974,920	974,920
Charge for the year	23,096	–	101,099	124,195
On disposals	–	–	(3,733)	(3,733)
Translation adjustment	–	–	(50,029)	(50,029)
As at 31 December 2015	23,096	–	1,022,257	1,045,353
As at 1 January 2016	**23,096**	**–**	**1,022,257**	**1,045,353**
Charge for the year	**29,212**	**–**	**118,216**	**147,428**
Translation adjustment	**–**	**–**	**(14,707)**	**(14,707)**
As at 31 December 2016	**52,308**	**–**	**1,125,766**	**1,178,074**
Net book value:				
As at 31 December 2015	2,654,621	1,460,386	3,019,910	7,134,917
As at 31 December 2016	**2,625,409**	**1,355,783**	**3,307,946**	**7,289,138**

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

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

15. Impairment testing

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

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

	Carrying amount of goodwill		Carrying amount of port concession rights with indefinite useful life			
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000	**Discount rates**	**Perpetuity growth rate**
Cash-generating units aggregated by operating segment						
Asia Pacific and Indian subcontinent	**219,919**	161,427	**–**	–	7.50% - 13.00%	2.50%
Australia and Americas	**320,926**	314,325	**–**	–	6.50% - 17.50%	2.50%
Middle East, Europe and Africa	**814,938**	984,634	**776,919**	923,392	6.00% - 17.50%	2.50% -2.60%
Total	**1,355,783**	1,460,386	**776,919**	923,392		

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

Key assumptions used in value in use calculations

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

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

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

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

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

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

Sensitivity to changes in assumptions

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

Notes to the consolidated financial statements continued
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16. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments at acquisition and reconciled to the carrying amount of the Group's interest in equity-accounted investees as included in the consolidated statement of financial position:

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

17. Accounts receivable and prepayments

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

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

18. Cash and cash equivalents

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

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates.

18. Cash and cash equivalents (continued)

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

Cash flow information

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

19. Employees' end of service benefits

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

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

* The provision for expatriate staff gratuities, included in Employees' end of service benefits, is calculated in accordance with the regulations of the Jebel Ali Free Zone Authority. This is based on the liability that would arise if employment of all staff were terminated at the reporting date.

The UAE government had introduced Federal Labour Law No.7 of 1999 for pension and social security. Under this Law, employers are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss as incurred.

20. Pension and post-employment benefits

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

a) P&O UK Scheme

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

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

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

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

The Group participates in various industry multi-employer schemes, the most significant of which is the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme") and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

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

20. Pension and post-employment benefits (continued)

b) Merchant Navy Officers' Pension Fund ("MNOPF") (continued)
It is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

The scheme was divided into two sections, the Old Section and the New Section, both of which are closed to new members.

The Old Section completed a buy-out of all its members benefit obligations in July 2014, following which the Old Section was wound up. Therefore, no further liabilities were assigned to the Group in respect of the Old Section.

The most recent formal actuarial valuation of the New Section was carried out as at 31 March 2015. This resulted in a deficit of USD 3,703 thousand. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation. The New Section closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers have agreed contributions, which will be paid to the Section by participating employers over the period to 30 September 2023. These contributions include an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. The Group's aggregated outstanding contributions from these valuations are payable as follows: 2017 to 2020 USD 5,126 thousand per annum and 2021 to 2023 USD 961 thousand per annum.

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

The Group's share of the net deficit of the New Section at 31 December 2016 is estimated at 5.44%.

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

c) Merchant Navy Ratings' Pension Fund ("MNRPF")
The Merchant Navy Ratings' Pension Fund ("the MNRPF Scheme") is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual.

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

The most recent formal actuarial valuation was carried out as at 31 March 2014. The Group's deficit contributions arising from this valuation totalled USD 34,934 thousand (equating to 7.0% share of the net deficit). The contributions due to the Scheme will be paid over the period to 31 October 2022. Deficit contributions of USD 13,500 thousand were paid into the Scheme in 2016. The Group's aggregated outstanding contributions from these valuations are payable as follows: 2017 to 2022 USD 4,378 thousand per annum

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

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

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

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

20. Pension and post-employment benefits (continued)

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

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

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

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

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

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

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2016 by qualified independent actuaries. The principal assumptions are included in the table below. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

	P&O UK scheme 2016	MNOPF scheme 2016	Other schemes 2016	P&O 2015	MNOPF scheme 2015	Other schemes 2015
Discount rates	**2.50%**	**2.50%**	**2.70%**	3.70%	3.70%	3.90%
Discount rates bulk annuity asset	**2.40%**	**–**	**–**	3.50%	–	–
Expected rates of salary increases	**–***	**–***	**3.00%**	–	–	3.20%
Pension increases: deferment	**3.00%**	**2.50%**	**3.20%**	2.80%	2.20%	3.00%
payment	**3.00%**	**3.40%**	**3.20%**	2.80%	3.10%	3.00%
Inflation	**3.50%**	**3.50%**	**3.30%**	3.20%	3.20%	3.20%

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

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20. Pension and post-employment benefits (continued)

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

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

	Male		Female	
	Age 65 now	**Age 65 in 20 years' time**	**Age 65 now**	**Age 65 in 20 years' time**
2016				
P&O UK scheme	22.3	24.5	24.3	26.6
MNOPF scheme	23.0	25.9	26.4	29.2
2015				
P&O UK scheme	23.4	26.5	25.8	28.9
MNOPF scheme	22.7	25.6	26.3	29.3

At 31 December 2016 the weighted average duration of the defined benefit obligation was 17.3 years (2015: 15.8 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2016 by the amounts shown below:

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

	P&O UK scheme USD'000	**MNOPF scheme USD'000**	**Other schemes USD'000**	**Group schemes fair value USD'000**
2016				
Equities	**443,643**	**51,721**	**79,866**	**575,230**
Bonds	**188,987**	**74,928**	**144,424**	**408,339**
Other	**27,404**	**–**	**19,504**	**46,908**
Value of insured pensioner liability	**984,557**	**–**	**–**	**984,557**
Total	**1,644,591**	**126,649**	**243,794**	**2,015,034**
2015				
Equities	453,937	81,065	95,885	630,887
Bonds	178,658	139,309	113,621	431,588
Other	30,677	–	33,790	64,467
Value of insured pensioner liability	1,131,211	–	–	1,131,211
Total	1,794,483	220,374	243,296	2,258,153

20. Pension and post-employment benefits (continued)

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

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

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

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

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

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

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

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

20. Pension and post-employment benefits (continued)

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

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

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

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

21. Accounts payable and accruals

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

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

22. Non-controlling interests ('NCI')

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

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

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

23. Business combinations

Acquisitions of new subsidiaries

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

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

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

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

24. Significant group entities

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

a) Significant holding companies

Legal Name	Ownership interest	Country of incorporation	Principal activities
DP World FZE	100%	United Arab Emirates	Development and management of international marine and inland terminal operations
Thunder FZE	100%	United Arab Emirates	Holding company
The Peninsular and Oriental Steam Navigation Company Limited	100%	United Kingdom	Management and operation of international marine terminal operations
Economic Zones World FZE	100%	United Arab Emirates	Development, management and operation of free zones, economic zones, industrial zones and logistics parks
DP World Australia (POSN) Pty Ltd	100%	Australia	Holding company
DPI Terminals Asia Holdings Limited	100%	British Virgin Islands	Holding company
DPI Terminals (BVI) Limited	100%	British Virgin Islands	Holding company
DP World Ports Cooperative U.A.	100%	Netherlands	Holding company
DP World Maritime Cooperative U.A.	100%	Netherlands	Holding company

b) Significant subsidiaries – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Terminales Rio de la Plata SA	55.62%	Argentina	Container terminal operations
DP World (Canada) Inc. (refer to note 34)	100%	Canada	Container terminal operations
DP World Prince Rupert Inc. (refer to note 34)	100%	Canada	Container terminal operations
DP World Saint John, Inc.	100%	Canada	Container terminal operations
DP World Sokhna SAE	100%	Egypt	Container terminal operations
Chennai Container Terminal Pvt. Limited	100%	India	Container terminal operations
India Gateway Terminal Private Limited	81.63%	India	Container terminal operations
Mundra International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva (India) Gateway Terminal Pvt. Limited	100%	India	Container terminal operations
Dubai Ports World - Middle East LLC	100%	Kingdom of Saudi Arabia	Container terminal operations
DP World Maputo S.A.	60%	Mozambique	Container terminal operations
Qasim International Container Terminal Pakistan Limited	75%	Pakistan	Container terminal operations
DP World Callao S.R.L.	100%	Peru	Container terminal operations
Doraleh Container Terminal S.A.	33.33%*	Republic of Djibouti	Container terminal operations
Integra Port Services N.V.	60%	Republic of Suriname	Container terminal operations
Suriname Port Services N.V.	60%	Republic of Suriname	General cargo terminal operations
Constanta South Container Terminal SRL	100%	Romania	Container terminal operations
DP World Dakar SA	90%	Senegal	Container terminal operations
Pusan Newport Co., Ltd (refer to note 23)	66.03%	South Korea	Container terminal operations
DP World Tarragona SA	60%	Spain	Container terminal operations
DP World Yarımca Liman İşletmeleri AS	100%	Turkey	Container terminal operations
DP World UAE Region FZE	100%	United Arab Emirates	Container terminal operations
DP World Fujairah FZE	100%	United Arab Emirates	Container terminal operations
London Gateway Port Limited	100%	United Kingdom	Container terminal operations
Southampton Container Terminals Limited	100%	United Kingdom	Container terminal operations
Saigon Premier Container Terminal	80%	Vietnam	Container terminal operations

24. Significant group entities (continued)

c) Associates and joint ventures – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Djazair Port World Spa	50%	Algeria	Container terminal operations
DP World DjenDjen Spa	50%	Algeria	Container terminal operations
DP World Australia (Holding) Pty Limited	25%	Australia	Container terminal operations
Antwerp Gateway N.V	60%**	Belgium	Container terminal operations
Caucedo Investments Inc.	50%	British Virgin Islands	Container terminal operations
Empresa Brasileira de Terminais Portuarious S.A.	33.33%	Brazil	Container terminal operations
Eurofos SARL	50%	France	Container terminal operations
Generale de Manutention Portuaire S.A	50%	France	Container terminal operations
Goodman DP World Hong Kong Limited	25%	Hong Kong	Container terminal operations and warehouse operations
Visakha Container Terminals Private Limited	26%	India	Container terminal operations
PT Terminal Petikemas Surabaya	49%	Indonesia	Container terminal operations
Rotterdam World Gateway B.V.	30%	Netherlands	Container terminal operations
Qingdao Qianwan Container Terminal Co., Limited	29%	People's Republic of China	Container terminal operations
Tianjin Orient Container Terminals Co., Ltd	24.50%	People's Republic of China	Container terminal operations
Yantai International Container Terminals Limited	12.50%	People's Republic of China	Container terminal operations
Asian Terminals Inc	50.54%***	Philippines	Container terminal operations
Laem Chabang International Terminal Co. Limited	34.50%	Thailand	Container terminal operations

d) Other non-port business

Legal Name	Ownership interest	Country of incorporation	Principal activities
P&O Maritime Services Pty Ltd	100%	Australia	Maritime services
DP World Antwerp Terminals N.V.	100%	Belgium	Ancillary container services
DP World Germersheim GmbH and Co. KG	100%	Germany	Inland container terminal operations
DP World Germany B.V.	100%	Germany	Inland container terminal operations
Container Rail Road Services Pvt Limited	100%	India	Container rail freight operations
Empresa de Dragagem do Porto de Maputo, SA	25.50%	Mozambique	Dredging services
Port Secure FZCO	40%	Republic of Djibouti	Port security services
Remolcadores de Puerto y Altura, S.A.	57.01%	Spain	Maritime services
Dubai International Djibouti FZE	100%	United Arab Emirates	Port management and operation
Dubai Trade FZE	100%	United Arab Emirates	Trade facilitation through integrated electronic services
P&O Maritime FZE	100%	United Arab Emirates	Maritime services
World Security FZE	100%	United Arab Emirates	Security services
Jebel Ali Free Zone FZE	100%	United Arab Emirates	Management, operation and development of free zones, economic zones and industrial zones
LG Park Freehold Limited	100%	United Kingdom	Management and operation of industrial parks

* Although the Group only has a 33.33% effective ownership interest in Doraleh Container Terminal SARL, this entity is treated as a subsidiary, as the Group is able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.
** Although the Group has more than 60% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.
*** Although the Group has more than 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.

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

25. Related party transactions

Business combinations under common control

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

Other related party transactions

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

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

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

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

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

Compensation of key management personnel

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

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

26. Financial risk management

Overview

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

a) credit risk
b) liquidity risk
c) market risk

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

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

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

26. Financial risk management (continued)

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

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

a) Credit risk

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

Trade and other receivables

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Other financial assets

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

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

Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to equity-accounted investees in very limited circumstances and always only for the Group's share of the obligation. The provision of guarantees always requires the approval of senior management.

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

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

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

26. Financial risk management (continued)

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

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

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

Trade receivables with the top ten customers represent 59% (2015: 59%) of the trade receivables.

b) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase.

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

	Carrying amount USD'000	Contractual cash flows USD'000	Less than 1 year USD'000	1 – 2 years USD'000	2 – 5 years USD'000	More than 5 years USD'000
Non derivative financial liabilities						2015
Issued bonds	4,468,329	(7,370,790)	(276,009)	(1,729,655)	(1,624,421)	(3,740,705)
Convertible bonds	781,799	(1,149,479)	(17,500)	(17,500)	(52,500)	(1,061,979)
Bank loans	2,391,873	(2,929,914)	(280,687)	(742,450)	(951,800)	(954,977)
Finance lease liabilities	28,277	(37,489)	(9,242)	(4,052)	(16,207)	(7,988)
Trade and other payables	1,542,219	(1,544,057)	(1,403,426)	(92,936)	(23,647)	(24,048)
Financial guarantees and letters of credit	–	(217,229)	–	–	–	–
Derivative financial liabilities						
Interest rate swaps used for hedging	85,463	(172,143)	(35,518)	(27,908)	(66,831)	(41,886)
Embedded derivative option	220,941	–	–	–	–	–
Total	9,518,901	(13,421,101)	(2,022,382)	(2,614,501)	(2,735,406)	(5,831,583)
Non derivative financial liabilities						**2016**
Issued bonds	**4,524,844**	**(7,551,859)**	**(642,102)**	**(230,727)**	**(1,703,519)**	**(4,975,511)**
Convertible bonds	**803,075**	**(1,131,250)**	**(17,500)**	**(17,500)**	**(52,500)**	**(1,043,750)**
Bank loans	**2,268,791**	**(3,199,621)**	**(465,295)**	**(397,504)**	**(648,790)**	**(1,688,032)**
Finance lease liabilities	**21,549**	**(28,728)**	**(8,551)**	**(6,227)**	**(4,311)**	**(9,639)**
Trade and other payables	**1,587,252**	**(1,587,543)**	**(1,495,597)**	**(55,064)**	**(22,562)**	**(14,320)**
Financial guarantees and letters of credit*	**–**	**(307,432)**	**–**	**–**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**111,431**	**(152,685)**	**(27,804)**	**(27,400)**	**(69,377)**	**(28,104)**
Embedded derivative option	**173,480**	**–**	**–**	**–**	**–**	**–**
Total	**9,490,422**	**(13,959,118)**	**(2,656,849)**	**(734,422)**	**(2,501,059)**	**(7,759,356)**

* Refer to note 33 for further details.

26. Financial risk management (continued)

c) Market risk

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

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

i. Currency risk

The proportion of the Group's net operating assets denominated in foreign currencies (i.e. other than the functional currency of the Company, UAE Dirhams) is approximately 63.5% (2015: 64%) with the result that the Group's USD consolidated statement of financial position, and in particular shareholder's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated and using cross currency swaps. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency of USD further reducing the risk of currency movements.

Interest on borrowings is denominated in the currency of the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

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

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

Exposure to currency risk

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

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

	USD'000							
	2015							
	USD *	GBP	EUR	AUD	INR	CAD	Others	Total
Cash and cash equivalents	926,858	189,988	100,199	69,784	61,362	30,112	58,292	1,436,595
Trade receivables	218,107	38,913	45,079	5,024	10,858	33,456	7,572	359,009
Secured bank loans and mortgage debenture stock	(307,414)	(806,312)	(59,638)	–	–	–	(54,288)	(1,227,652)
Unsecured bank loans and loan stock	(963,997)	–	(11,320)	–	(92,161)	(89,619)	(7,124)	(1,164,221)
Unsecured bonds	(5,250,128)							(5,250,128)
Finance Lease Liabilities		(2,022)	(9,735)	(5,076)	–	(3,487)	(7,957)	(28,277)
Trade payables	(109,942)	(24,589)	(24,183)	(2,231)	(20,316)	(1,949)	(3,662)	(186,872)
Net consolidated statement of financial position exposures	(5,486,516)	(604,022)	40,402	67,501	(40,257)	(31,487)	(7,167)	(6,061,546)

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

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

26. Financial risk management (continued)

Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) the consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Furthermore, as each entity in the Group determines its own functional currency, the effect of translating financial assets and liabilities of the respective entity would mainly impact the consolidated statement of other comprehensive income.

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

A 10 percent weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

ii. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/ floating interest rate and bank deposits.

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2016, after taking into account the effect of interest rate swaps, approximately 94% (2015: 90%) of the Group's borrowings are at a fixed rate of interest.

Profile

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

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

Cash flow sensitivity analysis for variable rate instruments

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

26. Financial risk management (continued)

	Consolidated statement of profit or loss		Consolidated statement of other comprehensive income	
	100 bp increase USD'000	100 bp decrease USD'000	100 bp increase USD'000	100 bp decrease USD'000
2016				
Variable rate instruments	**2,443**	**(2,443)**	**–**	**–**
Interest rate swaps	**–**	**–**	**16,116**	**(16,116)**
Cash flow sensitivity (net)	**2,443**	**(2,443)**	**16,116**	**(16,116)**
2015				
Variable rate instruments	3,273	(3,273)	–	–
Interest rate swaps	2,942	(2,942)	15,501	(15,501)
Cash flow sensitivity (net)	6,215	(6,215)	15,501	(15,501)

d) Fair value

Fair value versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

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

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

The fair value of forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

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

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

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

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

27. Share capital

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

	2016 USD'000	2015 USD'000
Authorised		
1,250,000,000 of USD 2.00 each	**2,500,000**	2,500,000
Issued and fully paid		
830,000,000 of USD 2.00 each	**1,660,000**	1,660,000

28. Reserves

Share premium

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

Shareholders' reserve

Shareholders' reserve forms part of the distributable reserves of the Group.

Other reserves

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

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

Hedging and other reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedge transactions that have not yet occurred.

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations. This reserve also includes the unrealised fair value changes on available-for-sale investments.

Actuarial reserve

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

Translation reserve

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

29. Interest bearing loans and borrowings

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

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

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

The issued bonds includes 10 year USD 1 billion unsecured convertible bonds convertible into 36.85 million ordinary shares of DP World Limited. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include investor put option which can be exercised at par in June 2018 (Year 4) and in June 2021 (Year 7). There is also an issuer call option which can be exercised on or after July 2017 (Year 3), subject to a 130% trigger on the conversion price of USD 27.14

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 12 and note 14). The deposits under lien amounting to USD 65,522 thousand (2015: USD 68,377 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 18).

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

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

30. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve and translation reserve. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The key performance ratios as at 31 December are as follows:

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

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

31. Operating leases

Operating lease commitments – Group as a lessee

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

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

The above operating leases (Group as a lessee) mainly consist of terminal operating leases arising out of concession arrangements which are long term in nature. In addition, there are also leases of plant, equipment and vehicles included above.

Operating lease commitments – Group as a lessor

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

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

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

32. Capital commitments

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

33. Contingencies

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

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

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

33. Contingencies (continued)

b) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 17,609 thousand (2015: USD 18,059 thousand) from Chennai Container Terminal Limited ("CCTL"), a subsidiary of the Company, on the basis that CCTL had failed to fulfil its obligations in respect of non-transhipment containers for a period of four consecutive years from 1 December 2003. CCTL had subsequently paid USD 9,408 thousand (2015: USD 9,648 thousand) under dispute in 2008. CCTL had initiated arbitration proceedings against CPT in this regard. The arbitral tribunal passed its award on November 26, 2012 ruling in favour of CCTL. However, CPT appealed against this order, which was upheld by Madras High Court on 8 January 2014 and accordingly a provision has been recognised against the above receivable. CCTL lodged an appeal before the Division Bench of Madras High Court along with a stay petition on 31 January 2014. The Appeal was taken up for hearing and admitted on 3 February 2014. CPT also made a statement before the Court that no further action would be taken by CPT against CCTL. The Court has admitted the matter and is pending for final hearing and disposal before the Division Bench of Madras High Court. The Group is confident that the case will be in favour of CCTL.

34. Subsequent events

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