

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 therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

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

Management is responsible for the preparation and fair presentation of 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.

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20 March 2017