**DP WORLD LIMITED**

***(a company limited by shares incorporated in the Dubai International Financial Centre)***

**U.S.$5,000,000,000**
**Global Medium Term Note Programme**

On 13 April 2015 DP World Limited (the "**Issuer**") published the base prospectus (the "**Base Prospectus**") attached hereto in connection with the update by the Issuer of its U.S.$5,000,000,000 global medium term note programme (the "**Programme**").

The Base Prospectus has been approved by the United Kingdom Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the "**U.K. Listing Authority**") as competent authority under European Union Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU and any implementing measures in a relevant Member State) (the "**Prospectus Directive**"). The Base Prospectus has been approved by the U.K. Listing Authority on 13 April 2015 as meeting the requirements imposed under United Kingdom and European Union law pursuant to the Prospectus Directive.

The Base Prospectus has also been approved by the Dubai Financial Services Authority (the "**DFSA**") under the DFSA's Markets Rule 2.7.1 and is an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012.

Application has been made to the DFSA for notes (the "**Notes**") issued under the Programme to be admitted to the Official List of Securities maintained by the DFSA and to NASDAQ Dubai for such Notes to be admitted to trading on NASDAQ Dubai.

**The DFSA does not accept any responsibility for the content of the information contained in the Base Prospectus, including the accuracy or completeness of such information. The liability for the content of the Base Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of the Notes to which the Base Prospectus relates to any particular investor or type of investor. If you do not understand the contents of the Base Prospectus or are unsure whether the Notes to which the Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.**

The date of this document is 9 June 2015

**BASE PROSPECTUS DATED 13 April 2015**


# DP WORLD LIMITED

*(a company limited by shares incorporated in the Dubai International Financial Centre)*

## U.S.$5,000,000,000
## Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "**Programme**"), DP World Limited (the "**Company**" or the "**Issuer**"), a company limited by shares incorporated in the Dubai International Financial Centre (the "**DIFC**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Global Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$5,000,000,000 (or its equivalent in other currencies).

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, please see "*Risk Factors*" on page 14.**

Application has been made to the United Kingdom Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the "**U.K. Listing Authority**") for Notes issued under the Programme (other than Non-PD Notes (as defined below)) during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the U.K. Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"). References in this Base Prospectus to Notes (other than Non-PD Notes) being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in "*Terms and Conditions of the Notes*") of Notes (other than Non-PD Notes) will be set out in a final terms document (the "**Final Terms**") which will be delivered to the U.K. Listing Authority and the London Stock Exchange.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system or on the basis that Notes may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer ("**Non-PD Notes**") and, accordingly, no base prospectus will be required to be produced in accordance with Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU and any implementing measures in a relevant Member State) (the "**Prospectus Directive**"). Any terms and conditions not contained herein which are applicable to each Tranche of Non-PD Notes will be set out in a pricing supplement (the "**Pricing Supplement**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. state securities laws and the Notes may not be offered or sold in the U.S. or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and the offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Notes are being offered and sold outside the United States in "offshore transactions" to persons that are not U.S. persons in reliance on Regulation S ("**Regulation S**") under the Securities Act and within the United States only to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. See "*Summary of Provisions Relating to the Notes while in Global Form*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Issuer has been assigned long term credit ratings of Baa3 with a "stable outlook" by Moody's Investors Service Ltd. ("**Moody's**") and BBB- with a "stable outlook" by Fitch Ratings Limited ("**Fitch**"). The United Arab Emirates (the "**UAE**") has been assigned a credit rating of Aa2 with a stable outlook by Moody's Investors Service Singapore Pte. Ltd. The rating of certain Tranches (as defined under "*Overview of the Programme*") of Notes to be issued under the Programme and the credit rating agency issuing such rating may be specified in the applicable Final Terms (or Pricing Supplement, as applicable).

Moody's Investors Service Singapore Pte. Ltd. is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The rating has been endorsed by Moody's in accordance with the CRA Regulation. Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation. As such, each of Fitch and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Limited information with respect to ratings will be disclosed in the applicable Final Terms (or Pricing Supplement, as applicable). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, change or withdrawal at any time by the assigning rating agency and each rating should be evaluated.

*Arrangers and Dealers*

**Citigroup** **Deutsche Bank** **Emirates NBD Capital**

**HSBC** **National Bank of Abu Dhabi P.J.S.C.** **Société Générale Corporate & Investment Banking**

# IMPORTANT NOTICES

**This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Group (as defined herein) and the Notes which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.**

**The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.**

**Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as supplemented by the applicable Final Terms (or Pricing Supplement, as applicable). This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms (or a Pricing Supplement, as applicable), must be read and construed together with the applicable Final Terms (or Pricing Supplement, as applicable).**

**The only persons authorised to use this Base Prospectus in connection with an offer of Notes are the relevant Dealers or the Managers (as identified in the relevant subscription agreement), as the case may be.**

**Copies of the applicable Final Terms (or the Pricing Supplement, as applicable) will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined in "*Terms and Conditions of the Notes*"), save that a Pricing Supplement will only be available for inspection by a holder of a Non-PD Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent (as applicable) as to its holding of such Notes and identity.**

**Certain information under the headings "*Risk Factors*", "*Description of DP World*", "*Description of EZW Group*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Ports Operation Industry Overview*" has been extracted from information provided by the IMF World Economic Outlook database and Drewry Shipping Consultants Ltd. ("Drewry"). Certain information appearing on pages 170 to 173 (inclusive) of this Base Prospectus under the heading "*Book-Entry Clearance Systems*" has been obtained from the clearing systems referred to herein. The Issuer confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.**

**No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers or Dealers.**

**Neither the Arrangers and Dealers, the Trustee nor the Agents have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking in respect thereof, express or implied, is made. None of the Arrangers and Dealers, the Trustee and the Agents accept any responsibility for the contents of this Base Prospectus or any information incorporated by reference into this document or for any other statement made, or purported to be made, by an Arranger or Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arrangers and Dealers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other information**

**supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the Arrangers and Dealers, the Trustee or Agents that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issue.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers and Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.**

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Arrangers and Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Arrangers and Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the Dubai International Financial Centre, Japan, the Kingdom of Saudi Arabia, Malaysia, the Republic of Italy, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States. Please see "*Subscription and Sale and Transfer and Selling Restrictions*".**

**The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:**

- **have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**
- **have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financing situation, an investment in Notes and the impact such investment will have on its overall investment portfolio;**
- **have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;**
- **understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and**

- **be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

**Some Notes may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They generally purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in an issue of Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects of the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.**

**Neither the Issuer nor any Arranger or Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Arranger or Dealer to publish or supplement a prospectus for such offer.**

**In making an investment decision, investors must rely on their own independent examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.**

**Neither the Issuer nor any Arranger or Dealer, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.**

**Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes constitute legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Notes by the investor. Financial institutions should consult their legal advisers or the appropriate regulations to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules and regulations.**

**The requirement to publish a base prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "Non-PD Notes" are to Notes issued by the Issuer for which no base prospectus is required to be published under the Prospectus Directive. The U.K. Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Non-PD Notes.**

**Neither this Base Prospectus nor any Final Terms (or Pricing Supplement, as applicable) constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arrangers and Dealers, the Trustee or the Agents that any recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, as applicable) should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, as applicable) shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.**

## U.S. INFORMATION

**This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.**

**The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.**

**Registered Notes may be offered or sold within the United States only to persons who are QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Prospective purchasers are hereby notified that sellers of Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY SECURITIES COMMISSION OF ANY STATE IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**Each purchaser or holder of Notes represented by a Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor (together "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Summary of Provisions relating to the Notes while in Global Form*".**

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) in the relevant subscription agreement (or Pricing Supplement, as applicable) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche of Notes and sixty (60) days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## NOTICE TO KINGDOM OF SAUDI ARABIA RESIDENTS

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.

## NOTICE TO RESIDENTS OF MALAYSIA

Any Notes to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Notes in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in and under the laws issued by the DIFC, its headquarters are located in Dubai and a substantial portion of the assets of the Issuer is located in the UAE and a number of other jurisdictions outside the United Kingdom and the United States. As a result, prospective investors may have difficulty effecting service of process in the United Kingdom or the United States upon the Issuer in connection with any lawsuits related to the Notes, including actions arising under the laws of the United Kingdom or the federal securities laws of the United States.

The Notes are governed by English law and disputes in respect of them may be settled under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"), in London, England. In addition, actions in respect of the Notes may be brought in the English courts. Investors may have difficulty enforcing foreign judgments and arbitration awards against the Issuer in the courts of the Dubai International Financial Centre (the "**DIFC**"). Please see "*Risk Factors – Risks Relating to Enforcement – Investors may experience difficulty enforcing arbitration awards and foreign judgments in the DIFC*".

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying such forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of DP World*" and "*Description of EZW Group*" and other sections of this Base Prospectus. The Company has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Company believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Company has otherwise identified in this Base Prospectus, or if any of the Company's underlying assumptions prove to be incomplete or inaccurate, the Company's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Company's ability to achieve and manage growth, whether through organic growth or by winning new concessions or through bolt-on acquisitions (and including the Company's ability to successfully integrate the operations of the EZW Group);
- the Company's exposure to certain risks in respect of the expansion of terminals and port facilities and the development of new terminals and port facilities;
- the Company's indebtedness adversely affecting its ability to raise additional capital to fund its operations;
- changes in political, social and economic stability associated with countries and regions in which the Company operates;
- the political and economic conditions in the UAE and the Middle East;
- significant competition in the container terminal industry for concessions and throughput;
- the Company's ability to maintain and renew concession agreements at its existing facilities;
- failure to comply with a wide variety of regulations applicable to the Group's business;
- fluctuations in the currency exchange rates in the markets in which the Group operates;
- any future impairment of the Company's goodwill relating to subsidiaries, joint ventures and associates which may represent a reduction in future cashflows; and
- the ability of the Company's ultimate shareholder, Dubai World, and the Government, to exert significant influence over the Company and/or their interests conflicting with those of the Company and/or holders of the Company's debt, including Noteholders.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaim any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

The financial statements and information presented for the Group in this Base Prospectus are, unless otherwise specified or the context otherwise requires, for the Issuer and its consolidated subsidiaries.

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2014 (the "**DPW 2014 Financial Statements**") and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 (the "**DPW 2013 Financial Statements**" and together with the DPW 2014 Financial Statements, the "**DPW Financial Statements**") are set out elsewhere in this Base Prospectus. The DPW Financial Statements have been audited by KPMG LLP, independent auditors. The DPW Financial Statements have been prepared and are presented in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board (the "**IASB**") and are presented in U.S. dollars.

The audited consolidated financial statements of the EZW Group as at and for the financial year ended 31 December 2014 (the "**EZW Financial Statements**") were audited by PricewaterhouseCoopers (Dubai Branch) in accordance with IFRS as issued by the IASB. The financial statements and information presented for EZW in this Base Prospectus are, unless otherwise specified or the context otherwise requires, for EZW, together with its consolidated subsidiaries. The EZW Financial Statements are not consolidated into the DPW Financial Statements and the EZW Financial Statements are presented in this Base Prospectus for information purposes only. Furthermore, the EZW Financial Statements have not been audited by the auditors of the Issuer. Any information or other documents incorporated by reference, either expressly or implicitly, in the EZW Financial Statements presented in this Base Prospectus shall not form part of this Base Prospectus.

IFRS as applied by the Group may differ from IFRS as applied by the EZW Group and, unless indicated, financial information for the Group and the EZW Group may not be comparable.

Each of the Group's and EZW's financial years end on 31 December, and references in this Base Prospectus to any specific year are to the 12 month period ended on 31 December of such year.

**Pro Forma Financial Information**

On 16 March 2015, the Company acquired the EZW Group from PFZW for cash consideration of U.S.$2.6 billion (subject to certain adjustments). In order for investors to understand the impact of the Acquisition on the Group's financial statements, the Company has prepared unaudited *pro forma* condensed consolidated financial information for the Group, which is disclosed elsewhere in this Base Prospectus.

The unaudited *pro forma* condensed consolidated financial information has been prepared only and exclusively for illustrative purposes and, in light of its hypothetical nature, does not represent the actual asset and financial position, financial result, the balance sheet sum or the equity of the Group. Also, it does not form the basis for any forecasts, comparisons or budgets. It is not intended to be indicative of future results. This unaudited *pro forma* condensed consolidated financial information has been prepared on a basis consistent with the Group's accounting policies as set out in Note 4 (*Significant Accounting Policies*) to the DPW 2014 Financial Statements.

The unaudited *pro forma* condensed consolidated income statement gives effect to the Acquisition as if it had occurred on 1 January 2014. The unaudited *pro forma* condensed consolidated statement of financial position gives effect to the Acquisition as if it had occurred on 31 December 2014. The unaudited *pro forma* adjustments are described in the accompanying notes to the unaudited *pro forma* condensed consolidated financial information.

The unaudited *pro forma* condensed consolidated financial information has been prepared based on the following:

- the DPW 2014 Financial Statements, presented in thousands of U.S. dollars, which have been prepared in accordance with IFRS; and
- the EZW Financial Statements, presented in UAE dirhams, which have been prepared in accordance with IFRS.

The unaudited *pro forma* condensed consolidated financial information should be read in conjunction with the relevant separately published audited consolidated financial statements included elsewhere in this Base Prospectus. For further information regarding the *pro forma* financial information, see "*Unaudited Pro Forma Condensed Consolidated Financial Information*".

**Separately Disclosed Items**

The DPW Financial Statements include separately disclosed items ("**SDIs**"), which represent those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, the Group believes merit separate presentation in order to more effectively present the Group's financial performance for a period, compare its financial performance with prior periods and assess trends

in its financial performance. For further information regarding SDIs, see Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements, Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

**Restatement of 2012 Financial Information**

The Group adopted IAS 19 Revised (2011) (*Employee Benefits*) ("**IAS 19R**") effective as of 1 January 2013. The adoption of IAS 19R involved a number of amendments to the Group's accounting for defined benefit plans. Accordingly, the DPW 2013 Financial Statements have been prepared using this interpretation, which required that certain comparative financial information with respect to the year ended 31 December 2012 be restated in the DPW 2013 Financial Statements to appropriately reflect the nature of balances and to conform to the presentation in the DPW 2013 Financial Statements. For further information, see Note 3(F) (*Changes in Accounting Policies – Post-Employment Defined Benefit Plans*) to the DPW 2013 Financial Statements. All financial information as at and for the year ended 31 December 2012 included elsewhere in this Base Prospectus (except where otherwise stated) has been extracted from the comparative information set forth in the DPW 2013 Financial Statements.

**Non-IFRS Measures**

***The Group***

Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), a measure used by management to measure operating performance, is defined as profit after tax from continuing operations plus finance costs (net of finance income), income tax, depreciation and amortisation. "**Adjusted EBITDA**" is defined as EBITDA further adjusted to remove the impact of SDIs. See Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements and Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements for further information regarding SDIs. EBITDA and Adjusted EBITDA are not recognised terms under IFRS or U.S. generally accepted accounting principles ("**U.S. GAAP**") and do not purport to be alternatives to profit after tax from continuing operations as measures of operating performance or to cash flows from operating activities as measures of liquidity. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow available for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Management believes that EBITDA and Adjusted EBITDA are helpful in highlighting trends because they exclude the results of decisions that are outside the control of operating management and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Management uses EBITDA and Adjusted EBITDA to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Since not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. See "*Selected Financial Information of the Group*".

Management also refers to "**like-for-like revenue**" in order to normalise revenue for divestments, addition of new capacity and exchange rates. For the year ended 31 December 2014, like-for-like revenue was the Group's revenue, without the addition of: (i) new capacity at Embraport (Brazil), London Gateway (U.K.), Mumbai (India), Yarimca (Turkey) and Rotterdam (Netherlands); (ii) acquisition of Dubai Trade FZE and World Security FZE; and (iii) the impact of exchange rates (since the Group's financial results are translated into U.S. dollars for reporting purposes). For the year ended 31 December 2013, like-for-like revenue was the Group's revenue, without the addition of is without the addition of: (i) new capacity at Embraport (Brazil) and London Gateway (U.K.); (ii) divested equity-accounted investees Tilbury (U.K.), Aden (Yemen), Adelaide (Australia), Vostochny (Russia), DMS (P&O Maritime) and ACT (Hong Kong); (iii) the restructuring of the Group's Antwerp business which is now accounted for as an equity-accounted investee; (iv) the divestment of consolidated terminal CT3 (Hong Kong); (v) change in the shareholding in ATL Hong Kong from June 2013; (vi) change in the shareholding in Yantai from September 2013; and (vii) the impact of exchange rates (since the Group's financial results are translated into U.S. dollars for reporting purposes).

*The EZW Group*

In certain places within this Base Prospectus, reference is made to the EZW Group's EBITDA. EBITDA is not an IFRS measure. As referred to in this Base Prospectus, the EZW Group has calculated EBITDA for each year as profit for the relevant year after adding back: (i) net finance costs; (ii) depreciation; (iii) amortisation of land use rights; and (iv) loss on impairment of investment property, less any gain on long term investment property. EBITDA should not be considered as an alternative measure to operating profit, as an indicator of operating performance, as an alternative to operating cash flows or as a measure of the EZW Group's or any other company's liquidity. EBITDA as presented in this Base Prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. EBITDA has important limitations as an analytical tool and should not be considered in isolation from, or as a substitute for an analysis of, the EZW Group's or any other company's operating results as reported under IFRS.

## Certain Conventions

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All references in this Base Prospectus to: (i) "**U.S.$**" and "**U.S. dollars**" are to United States dollars being the lawful currency of the United States of America (the "**United States**" or the "**U.S.**"); (ii) "**AED**", and "**UAE dirham**" are to the UAE dirham, being the legal currency of the UAE (the dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00); (iii) "**Sterling**" and "**£**" are to pounds sterling, being the legal currency of the United Kingdom ("**U.K.**"); and (iv) "**EUR**", "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

References to a "**billion**" are to a thousand million.

References in this Base Prospectus to one gender shall be deemed to include the other except where the context does not permit.

## Operational Data

Certain volume figures in this Base Prospectus are expressed in "**TEU**". A TEU is a twenty-foot equivalent unit that is based on the dimensions of a cargo container 20 feet long by 8 feet wide by 8 feet 6 inches high, with a maximum load of 24 tons.

"**Throughput**" is a measure of container handling activity. The two main categories of container throughput are origin and destination ("**O&D**"), which is also often referred to as import and export, and transhipment. Every container shipped by sea is by definition an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is said to be transhipped, which gives rise to transhipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal. Throughput includes the handling of imports, exports, empty containers and transhipments.

"**Gross throughput**" refers to the total amount of throughput that a container terminal in the Company's portfolio handled over a period of time, regardless of the Company's economic interest in such terminal or whether the Company held such terminal for the entirety of such period.

"**Capacity**" refers to the theoretical amount of throughput that a container terminal could handle in a year and is generally based on the size of the terminal's container stacking area and the capacity of its quay, which in turn is based on the length of the quay and the capacity of the ship-to-shore cranes that are available.

"**Gross capacity**" refers to the capacity of a container terminal in the Company's portfolio, regardless of the Company's economic interest in such terminal.

"**Bulk cargo**" and "**Break bulk cargo**" are part of the Group's non-containerised revenue and mainly include bulk of cement, steel and Roll On-Roll Off ("Ro-Ro") volumes in the UAE.

**Certain Defined Terms**

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, unless the context requires or this Base Prospectus states otherwise, the following terms as used in this Base Prospectus have the meanings defined below:

- reference to the "**Acquisition**" herein are to the acquisition by the Company of the EZW Group from PFZW on 16 March 2015 for a cash consideration of U.S.$2.6 billion (subject to certain adjustments) (see "*Description of DP World – History – Regional and international expansion through acquisitions – EZW Group*");
- references to the "**Company**" or the "**Issuer**" herein are to DP World Limited, a company limited by shares incorporated in the DIFC with Registration Number 0226 issued on 9 August 2006;
- references to the "**Concession Agreement**" herein are to the concession agreement between JAFZA and JAFZ dated 13 November 2007 and amended and restated on 29 April 2012, pursuant to which JAFZA granted JAFZ a concession with exclusive rights and privileges to provide certain licensing and administration services (the "**Services**") within the specified area that comprises substantially all of the Free Zone (the "**Concession Area**");
- references to the "**Concession Documents**" herein are to the Concession Agreement and the Usufruct Agreement;
- references to "**Dubai**" herein are to the Emirate of Dubai;
- references to "**EZW**" herein are to Economic Zones World FZE;
- references to the "**EZW Group**" herein are to EZW, together with its subsidiaries and subsidiary undertakings;
- references to the "**Free Zone**" herein are to the Jebel Ali Free Zone;
- references to the "**GCC**" herein are to the Gulf Cooperation Council;
- references to the "**Government**" herein are to the Government of Dubai;
- unless otherwise specified or the context otherwise requires, references to the "**Group**" herein are: (i) before completion of the Acquisition on 16 March 2015, to the Company, together with its consolidated subsidiaries, joint ventures and associates; and (ii) after completion of the Acquisition on 16 March 2015, to the Company, together with its consolidated subsidiaries, joint ventures and associates and the EZW Group;
- references to "**JAFZ**" herein are to Jebel Ali Free Zone FZE;
- references to "**JAFZA**" herein are to the Jebel Ali Free Zone Authority;
- references to the "**Master Leases**" herein are to the three master leases entered into between JAFZA and JAFZ that together cover all commercial leases relating to property in the Concession Area that JAFZA has entered into with each customer and are effective from 14 November 2007;
- references to "**PFZW**" herein are to the Port and Free Zone World FZE;
- references to "**P&O**" herein are to The Peninsular and Oriental Steam Navigation Company, a company incorporated in the United Kingdom by Royal Charter with limited liability with company number Z73;
- references to the "**UAE**" herein are to the United Arab Emirates; and

- references to the "**Usufruct Agreement**" are to the usufruct agreement dated 13 November 2007 and amended and restated on 29 April 2012 pursuant to which JAFZA granted JAFZ exclusive rights (the "**Usufruct Rights**") to use and benefit from the Concession Area and the fixed assets contained therein (the "**Usufruct Property**").

**Presentation of Market, Market Share and Industry Data**

The market, market share and industry data contained in this Base Prospectus has been derived from a number of publicly available sources and industry reports. In particular, information and data relating to the international container shipping industry has been derived from reports, databases (including the IMF World Economic Outlook database, October 2014 and other sources made available in the public domain by, among others, Drewry, namely, the Annual Review and Forecast of Global Container Terminal Operators 2014 and the Container Forecaster Q4, 2014. The Company confirms that this information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the accuracy of such information is subject to the availability and reliability of the data supporting such information and neither the published information nor the underlying data has been independently verified. In addition, the methodology of Drewry and of other industry sources for collecting information and data, and therefore the reported information, may differ from that used by the Company to compile its own operational data and from the methodologies employed by other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the container shipping industry. Drewry has made no representation, express or implied, and has not accepted any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

## SUPPLEMENTARY PROSPECTUS

If at any time the Issuer is required to prepare a supplementary prospectus pursuant to section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"), the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Regulated Market, shall constitute a supplementary prospectus as required by the U.K. Listing Authority and section 87G of the FSMA.

The Issuer has given an undertaking to the Arrangers and Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in, or removal from, this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Arranger and Dealer such number of copies of such supplement hereto as such Arranger and/or Dealer may reasonably request.

## AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "**restricted securities**" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to Section 13 or 15(d) of the U.S. Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of Notes or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

# CONTENTS

# OVERVIEW OF THE GROUP

*This overview should be read as an introduction to, and is qualified in its entirety by reference to, the more extensive information contained elsewhere in this Base Prospectus. This overview does not contain all of the information that prospective investors should consider before deciding to invest in the Notes and any such decision should be based on a consideration of this Base Prospectus as a whole. You should read this entire Base Prospectus carefully, including the financial statements and related notes and the information set forth under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".*

**Overview of the Group**

The Group is one of the largest container terminal operators in the world by capacity and throughput, as well as one of the most geographically diversified. As at 31 December 2014, the Group managed a portfolio of more than 65 container and non-container terminals across six continents, including new developments underway in Africa, Europe, India and the Middle East. The Group's portfolio has an average concession life of approximately 40 years. As at and for the year ended 31 December 2014, the Group's portfolio had a gross capacity of 76.1 million TEU and generated gross throughput of 59.9 million TEU; for the same period, the Group generated revenue from operations (which does not include revenue attributable to its joint ventures and associates) of U.S.$3,411.0 million (excluding SDIs) and an Adjusted EBITDA of U.S.$1,588.1 million.

**Current Trading**

On 13 November 2014, the Company announced that it and its wholly-owned subsidiary, DP World FZE, had entered into an agreement in relation to the proposed acquisition of the EZW Group from PFZW and on 16 March 2015 the Acquisition closed for cash consideration of U.S.$2.6 billion (subject to certain adjustments). This was financed through cash from existing reserves of the Company and a U.S.$500 million draw-down on the Company's existing conventional and murabaha term and revolving loan facilities (see "*Description of DP World – History – Regional and international expansion through acquisitions – EZW Group*").

In March 2015, the Port of Melbourne Corporation reassessed and significantly increased the rent payable by the Group for its terminals in Australia, although the Group intends to challenge this assessment in accordance with the terms of the concession agreement.

The Group is in the process of acquiring the Fairview Container Terminal in Canada for U.S.$457 million. The Group has entered into a binding agreement to complete this acquisition and, subject to regulatory approvals, the Group expects to complete this acquisition in 2015. The Fairview Container Terminal has the capacity to handle 850,000 TEU annually, although the Group expects this to increase significantly upon the completion of a recently announced terminal expansion. The Fairview Container Terminal's concession currently runs to 2034 but is expected to be extended to 2056 upon completion of its expansion.

**Risk Factors**

An investment in the Notes involves significant risks, including: (i) risks relating to the Group such as risks associated with winning new concessions, the expansion of terminals and port facilities, the high level of competition that the Group faces in the container terminal industry for concessions and throughput and the Group's reliance on joint ventures; (ii) risks relating to the regions in which the Group operates, such as risks associated with anti-trust and competition laws, as well as risks relating to the political, economic and social environments of the regions and countries in which the Group operates; and (iii) risks relating to the Notes, such as risks associated with the enforceability of judgments against the Company, as well as risks relating to structural subordination of the Notes.

Investors should review these risks carefully prior to making any decision regarding an investment in the Notes. See "*Risk Factors*".

# OVERVIEW OF THE PROGRAMME

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, is supplemented by the applicable Final Terms (or Pricing Supplement, as applicable). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of Notes other than Non-PD Notes, a new Base Prospectus or a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.***

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "*Terms and Conditions of the Notes*" and "*Summary of Provisions relating to the Notes while in Global Form*" shall have the same meanings in this overview.

**Issuer** ..... DP World Limited, a company limited by shares incorporated in the DIFC with Registration Number 0226 issued on 9 August 2006. The address of the Issuer's registered office is P.O. Box 17000, Dubai, UAE. The Issuer's telephone number is +971 4 881 1110.

DP World Limited is majority owned by PFZW, which in turn is wholly-owned and controlled by Dubai World.

**Description** ..... Global Medium Term Note Programme.

**Size** ..... Up to U.S.$5,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Risk Factors** ..... There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These include certain risks relating to the structure of a particular Series of Notes and certain market risks. See "*Risk Factors*".

**Arrangers and Dealers**..... Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Capital Limited, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C. and Société Générale.

The Issuer may from time to time terminate the appointment of any arranger and/or dealer under the Programme or appoint additional arrangers and/or dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

**Trustee** ..... Deutsche Trustee Company Limited.

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| **Issuing and Paying Agent, Paying Agent, Transfer Agent, Exchange Agent and Calculation Agent** ..... | Deutsche Bank AG, London Branch. |
| **Euro Registrar, Transfer Agent and Paying Agent (in respect of Unrestricted Notes, as defined in the Agency Agreement)** ..... | Deutsche Bank Luxembourg S.A. |
| **U.S. Registrar, Transfer Agent and Paying Agent (in respect of Restricted Notes, as defined in the Agency Agreement)**..... | Deutsche Bank Trust Company Americas. |
| **Method of Issue** ..... | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**") or, in the case of Non-PD Notes, the applicable pricing supplement (the "**Pricing Supplement**"). |
| **Issue Price** ..... | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. |
| **Form of Notes** ..... | The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**").<br><br>Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if: (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "– *Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note.<br><br>Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for a common depositary for one or more clearing systems are referred to as "**Global Certificates**". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an "**Unrestricted Global Certificate**"). |

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| | Registered Notes sold in the United States to QIBs will initially be represented by a Restricted Global Certificate (a "**Restricted Global Certificate**"). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.<br><br>Please see "*Terms and Conditions of the Notes*" and "*Summary of Provisions relating to the Notes while in Global Form*". |
| **Clearing Systems** ..... | Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") for Bearer Notes, Clearstream, Luxembourg, Euroclear and the Depository Trust Company ("**DTC**") for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the relevant Dealer(s), the Issuing and Paying Agent and the Trustee. |
| **Initial Delivery of Notes** ..... | On or before the issue date for each Tranche, the global notes representing Bearer Notes (the "**Global Notes**") or the Global Certificates may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and/or DTC (as applicable). Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the relevant Dealer(s) and the Trustee. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems. |
| **Currencies** ..... | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s). |
| **Maturities** ..... | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)). |
| **Specified Denomination** ..... | The Notes will be in such denominations as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable), subject to compliance with then current laws and regulations and the provisions of the following sentence. Notes will have a minimum denomination of €100,000 (or its equivalent in other currencies as at the date of issue), and: (i) in case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; and (ii) in the case of any Notes to be sold in the United States to QIBs, the minimum specified denomination shall be U.S.$200,000 (or its equivalent in other currencies). |

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| **Fixed Rate Notes**..... | Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms (or Pricing Supplement, as applicable). |
| **Floating Rate Notes**..... | Floating Rate Notes will bear interest determined separately for each Series as follows:<br>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency (as defined in "*Terms and Conditions of the Notes – Interest and Other Calculations – Definitions*") governed by an agreement incorporating the ISDA Definitions (as defined in "*Terms and Conditions of the Notes – Interest and Other Calculations – Definitions*"); or<br>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable), in each case, as adjusted for any applicable margin.<br>Interest periods will be specified in the applicable Final Terms (or Pricing Supplement, as applicable). |
| **Zero Coupon Notes** ..... | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest. |
| **Interest Periods and Interest Rates**..... | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms (or Pricing Supplement, as applicable). |
| **Redemption**..... | Subject to any purchase and cancellation or early redemption or redemption by instalments, the Notes will be redeemed on the Maturity Date (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)) at 100 per cent. of their nominal amount. |
| **Redemption by Instalments**..... | The Final Terms (or Pricing Supplement, as applicable) issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| **Other Notes**..... | Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes and any other type of Note that the Issuer and the relevant Dealers may agree to issue under the Programme will be set out in a supplementary prospectus (if applicable). |
| **Optional Redemption**..... | The Final Terms (or Pricing Supplement, as applicable) issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. |

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| **Early Redemption** ..... | Except as provided in " – *Optional Redemption*", Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. Please see "*Terms and Conditions of the Notes – Redemption, Purchase and Options*". |
| **Change of Control** ..... | If so specified in the applicable Final Terms (or Pricing Supplement, as applicable), each holder will have the right to require the redemption of its Notes if a Change of Control Event occurs. Please see "*Terms and Conditions of the Notes – Redemption, Purchase and Options*". |
| **Status of the Notes** ..... | Subject as described in "*Terms and Conditions of the Notes – Negative Pledge*", the Notes constitute the direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu*, without any preference, among themselves and, subject as aforesaid, and save for such exceptions as may be provided by applicable legislation, the payment obligations of the Issuer shall rank at least equally with all other unsecured and unsubordinated indebtedness and any other monetary obligations of the Issuer, present and future. |
| **Negative Pledge** ..... | The Notes will have the benefit of a negative pledge as described in "*Terms and Conditions of the Notes – Negative Pledge*". |
| **Cross Acceleration** ..... | The Notes will have the benefit of a cross acceleration provision as described in "*Terms and Conditions of the Notes – Events of Default*". |
| **Events of Default** ..... | The Notes will be subject to certain events of default as described in "*Terms and Conditions of the Notes – Events of Default*". |
| **Ratings** ..... | Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, the relevant rating(s) (and the credit rating agency issuing such rating(s)) will be specified in the applicable Final Terms (or Pricing Supplement, as applicable).<br><br>*A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, change or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating.* |
| **Withholding Tax** ..... | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of a relevant Tax Jurisdiction (as defined in Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*)) or any political subdivision or any authority therein or thereof having the power to tax unless the withholding or deduction is required by law. In that event, the Issuer shall, subject to certain exceptions, pay such additional amounts as shall result in receipt by the Noteholders of the amount that would have been received by them had no such withholding or deduction been required. See "*Terms and Conditions of Notes – Taxation*". |
| **ERISA** ..... | Notes (or any interest therein) may generally be purchased by Benefit Plan Investors (as defined in Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) and certain other plans that are subject to |

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| | Similar Law (as defined herein), unless the terms of the Notes provide otherwise. Please see "*ERISA and Certain Other U.S. Considerations*". |
| **Governing Law** ..... | English. |
| **Listing and Admission to Trading** ..... | Application has been made to list Notes issued under the Programme (other than Non-PD Notes) for a period of 12 months from the date of this Base Prospectus on the Official List and to admit them to trading on the Regulated Market and references to listing shall be construed accordingly.<br><br>As specified in the applicable Pricing Supplement, a Series of Notes may be unlisted or be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer (the "**Non-PD Notes**"). |
| **Redenomination, Renominalisation and/or Consolidation** ..... | Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. |
| **Waiver of Immunity** ..... | The Issuer has irrevocably agreed that, should any Proceedings (as defined in Condition 18(c) (*Governing Law and Jurisdiction – Jurisdiction*)) be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer has irrevocably agreed that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes or the Trust Deed. Notwithstanding the foregoing, the Issuer makes no representation as to whether Dubai Law No. 10 of 2005 (*Government Lawsuits Amendment*) and/or Article 247 of Federal Law No. 11 of 1992 regarding the Law of Civil Procedures will apply to its assets, revenue or property. |
| **Selling Restrictions** ..... | There are restrictions on the offer, sale and transfer of the Notes in the Dubai International Financial Centre, Japan, the Kingdom of Saudi Arabia, Malaysia, the Republic of Italy, the UAE, the United Kingdom and the United States. Additional restrictions may be required in connection with the offering and sale of a particular Tranche of Notes. Please see "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions*". |

| | |
|---|---|
| | The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury Regulation section, including without limitation substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless: (i) the applicable Final Terms (or Pricing Supplement, as applicable) states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any substantially identical successor United States Treasury Regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**"); or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms (or Pricing Supplement, as applicable) as a transaction to which TEFRA is not applicable. |
| **Transfer Restrictions**..... | There are restrictions on the transfer of Notes represented by a Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor.<br><br>See "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*". |

# SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

*The summary consolidated financial data of the Group: (i) as of and for the year ended 31 December 2014 have been derived from the DPW 2014 Financial Statements; and (ii) as of and for the years ended 31 December 2013 and 2012 have been derived from the DPW 2013 Financial Statements, in each case appearing elsewhere in this Base Prospectus. See "Presentation of Certain Financial and Other Information".*

## Consolidated statement of profit and loss

| | Year ended 31 December | | | Year ended 31 December | | | Year ended 31 December | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 (Restated)[1] | | | 2013 | | | 2014 | | |
| | Before separately disclosed items | Separately disclosed items[2] | Total | Before separately disclosed items | Separately disclosed items[2] | Total | Before separately disclosed items | Separately disclosed items[2] | Total |
| | *(Audited) (U.S. dollars in thousands)* | | | | | | | | |
| **Income Statement Data:** | | | | | | | | | |
| Revenue | 3,121,017 | – | 3,121,017 | 3,073,248 | – | 3,073,248 | 3,411,014 | 52,337 | 3,463,351 |
| Cost of sales | (2,003,318) | – | (2,003,318) | (1,849,087) | – | (1,849,087) | (1,958,295) | (52,337) | (2,010,632) |
| **Gross profit** | 1,117,699 | – | 1,117,699 | 1,224,161 | – | 1,224,161 | 1,452,719 | – | 1,452,719 |
| General and administrative expenses | (279,459) | (55,850) | (335,309) | (311,243) | (101,433) | (412,676) | (385,878) | (19,400) | (405,278) |
| Other income | 21,643 | – | 21,643 | 21,458 | – | 21,458 | 22,363 | 9,153 | 31,516 |
| Profit on sale and termination of business | – | 237,204 | 237,204 | – | 158,188 | 158,188 | – | – | – |
| Share of profit/(loss) from equity accounted investees (net of tax) | 133,897 | 20,710 | 154,607 | 84,366 | (4,305) | 80,061 | 77,961 | (1,754) | 76,207 |
| **Results from operating activities** | 993,780 | 202,064 | 1,195,844 | 1,018,742 | 52,450 | 1,071,192 | 1,167,165 | (12,001) | 1,155,164 |
| Finance income | 75,211 | – | 75,211 | 84,493 | – | 84,493 | 89,765 | 1,582 | 91,347 |
| Finance costs | (371,229) | (10,373) | (381,602) | (369,439) | – | (369,439) | (372,841) | (4,122) | (376,963) |
| **Net finance costs** | (296,018) | (10,373) | (306,391) | (284,946) | – | (284,946) | (283,076) | (2,540) | (285,616) |
| **Profit before tax** | 697,762 | 191,691 | 889,453 | 733,796 | 52,450 | 786,246 | 884,089 | (14,541) | 869,548 |
| Income tax expense | (72,954) | – | (72,954) | (59,558) | (4,900) | (64,458) | (127,418) | 40,000 | (87,418) |
| **Profit for the year** | 624,808 | 191,691 | 816,499 | 674,238 | 47,550 | 721,788 | 756,671 | 25,459 | 782,130 |
| **Profit attributable to:** | | | | | | | | | |
| Owners of the Company | 545,182 | 193,216 | 738,398 | 604,421 | 35,215 | 639,636 | 675,430 | 25,143 | 700,573 |
| Non-controlling interest | 79,626 | (1,525) | 78,101 | 69,817 | 12,335 | 82,152 | 81,241 | 316 | 81,557 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) SDIs represent those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, the Group believes merit separate presentation in order to more effectively present the Group's financial performance for a period, compare its financial performance with prior periods and assess trends in its financial performance. For further information regarding SDIs, see Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements and Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements.

| | Year ended 31 December 2012 (Restated)[1] | | Year ended 31 December 2013 | | Year ended 31 December 2014 | |
|---|---|---|---|---|---|---|
| | Revenue | Profit after tax | Revenue | Profit after tax | Revenue | Profit after tax |
| | | | *(Audited)* *(U.S. dollars in thousands)* | | | |
| **Income Statement Data by Segment (before separately disclosed items):** | | | | | | |
| Middle East, Europe and Africa | 2,111,688 | 782,933 | 2,123,848 | 858,398 | 2,386,049 | 983,721 |
| Australia and Americas | 552,751 | 88,512 | 594,183 | 120,340 | 628,312 | 148,617 |
| Asia-Pacific and Indian subcontinent | 456,578 | 208,762 | 355,217 | 140,857 | 396,653 | 185,924 |
| | 3,121,017 | 1,080,907 | 3,073,248 | 1,119,595 | 3,411,014 | 1,318,262 |
| Head office | – | (455,399) | – | (445,357) | – | (561,591) |
| **Total** | 3,121,017 | 624,808 | 3,073,248 | 674,238 | 3,411,014 | 756,671 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

**Consolidated statement of financial position**

| | As at 31 December | | |
|---|---|---|---|
| | 2012 Restated[1] | 2013 | 2014 |
| | *(Audited)* *(U.S. dollars in thousands)* | | |
| **Consolidated Balance Sheet Data:** | | | |
| **Non-current assets** | 13,792,566 | 13,455,633 | 13,382,448 |
| **Current assets** | | | |
| Bank balances and cash | 1,881,928 | 2,572,470 | 3,723,073 |
| Other current assets[2] | 662,705 | 732,411 | 799,220 |
| **Total current assets** | 2,544,633 | 3,304,881 | 4,522,293 |
| **Total assets** | 16,337,199 | 16,760,514 | 17,904,741 |
| **Equity** | 8,780,407 | 9,021,541 | 9,026,660 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 4,049,621 | 4,776,690 | 5,603,658 |
| Other non-current liabilities[3] | 1,751,638 | 1,448,350 | 1,720,402 |
| **Total non-current liabilities** | 5,801,259 | 6,225,040 | 7,324,060 |
| **Current liabilities** | | | |
| Accounts payable and accruals | 854,072 | 1,033,784 | 1,130,021 |
| Loans and borrowings | 702,835 | 258,327 | 251,330 |
| Other current liabilities[4] | 198,626 | 221,822 | 172,670 |
| **Total current liabilities** | 1,755,533 | 1,513,933 | 1,554,021 |
| **Total liabilities** | 7,556,792 | 7,738,973 | 8,878,081 |
| **Total equity and liabilities** | 16,337,199 | 16,760,514 | 17,904,741 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) Other current assets includes inventories, accounts receivable and prepayments, and assets held for sale.

(3) Other non-current liabilities includes deferred tax liabilities, employees' end of service benefits, pension and post employment benefits, and other payables.

(4) Other current liabilities includes income tax liabilities, bank overdrafts, and pension and post employment benefits.

**Selected consolidated statement of cash flows**

| | Year ended 31 December 2012 (Restated)[1] | Year ended 31 December 2013 | Year ended 31 December 2014 |
|---|---|---|---|
| | *(Audited)* | | |
| | *(U.S. dollars in thousands)* | | |
| **Consolidated Cash Flow Data:** | | | |
| Net cash from operating activities | 1,231,345 | 1,211,733 | 1,354,215 |
| Net cash from/(used in) investing activities | 22,577 | (210,801) | (700,799) |
| Net cash from/(used in) financing activities | (3,544,842) | (304,314) | 527,854 |
| **Net increase/(decrease) in cash and cash equivalents** | (2,290,920) | 696,618 | 1,181,270 |
| Effect of exchange rate fluctuation on cashflow | 14,306 | (7,288) | (29,260) |
| Cash and cash equivalents at 1 January | 4,158,347 | 1,881,733 | 2,571,063 |
| **Cash and cash equivalents at 31 December** | 1,881,733 | 2,571,063 | 3,723,073 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

**Selected other operating and financial data**

| | Year ended 31 December 2012 (Restated)[1] | Year ended 31 December 2013 | Year ended 31 December 2014 |
|---|---|---|---|
| | *(Audited, except EBITDA and Adjusted EBITDA)* | | |
| | *(U.S. dollars in thousands)* | | |
| **Calculation of EBITDA and Adjusted EBITDA:** | | | |
| Profit after tax | 816,499 | 721,788 | 782,130 |
| Finance costs | 371,229 | 369,439 | 372,841 |
| Finance income | (75,211) | (84,493) | (89,765) |
| Tax expense | 72,954 | 59,558 | 127,418 |
| Depreciation and amortisation | 410,632 | 395,499 | 420,985 |
| **EBITDA**[2] | 1,596,103 | 1,461,791 | 1,613,609 |
| Separately disclosed items[3] | (191,691) | (47,550) | (25,459) |
| **Adjusted EBITDA**[4] | 1,404,412 | 1,414,241 | 1,588,150 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) EBITDA, a measure used by management to measure operating performance, is defined as profit after tax from continuing operations plus finance costs (net of finance income), income tax, depreciation and amortisation. EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*".

(3) See Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements and Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements.

(4) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*".

| | Year ended 31 December | | |
|---|---|---|---|
| | **2012 (Restated)[1]** | **2013** | **2014** |
| | *(Audited)* | | |
| | *(U.S. dollars in thousands)* | | |
| **Adjusted EBITDA[2] by Segment:** | | | |
| Middle East, Europe and Africa | 1,020,534 | 1,095,171 | 1,259,866 |
| Australia and Americas | 165,845 | 195,235 | 217,250 |
| Asia-Pacific and Indian subcontinent | 299,391 | 219,700 | 256,489 |
| Head office | (81,358) | (95,865) | (145,455) |
| **Total** | 1,404,412 | 1,414,241 | 1,588,150 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*" and "*– Calculation of EBITDA and Adjusted EBITDA*" above.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2012** | **2013** | **2014** |
| | *(Unaudited, unless otherwise indicated)* | | |
| **Other Financial and Operating Data:** | | | |
| **Revenue (before separately disclosed items, in thousands of U.S.$)** | | | |
| Containerised/stevedoring revenue | 1,366,200 | 1,396,510 | 1,502,990 |
| Containerised /other revenue | 1,044,967 | 1,026,792 | 1,166,079 |
| Non containerised revenue | 709,850 | 649,946 | 741,945 |
| **Total revenue** | 3,121,017 | 3,073,248 | 3,411,014 |
| **Net Debt to Adjusted EBITDA[1]** | 2.04 | 1.74 | 1.34 |
| **Total throughput (in millions of TEU)** | | | |
| Middle East, Europe and Africa | 19,202 | 18,993 | 20,973 |
| Australia and Americas | 2,494 | 2,480 | 2,471 |
| Asia-Pacific and Indian subcontinent | 5,401 | 4,604 | 4,897 |
| **Total throughput** | 27,097 | 26,077 | 28,341 |

(1) Net debt to Adjusted EBITDA is calculated by dividing total debt minus cash and cash equivalents by Adjusted EBITDA.

# DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the United Kingdom Financial Conduct Authority shall be incorporated in, and form part of, this Base Prospectus:

(i) the Terms and Conditions of the Notes contained on pages 34 to 55 (inclusive) in the base prospectus dated 27 June 2007 prepared by the Issuer in connection with the Programme; and

(ii) the Terms and Conditions of the Notes contained on pages 62 to 85 (inclusive) in the base prospectus dated 4 November 2010 prepared by the Issuer in connection with the Programme.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Issuing and Paying Agent for the time being in London. In addition, copies of such documents will be available on the website of the Regulatory News Service operated by the London Stock Exchange at: www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Any parts of the documents referred to in (i) and (ii) (inclusive) above which are not expressly incorporated by reference in this Base Prospectus as provided above are not relevant to an investor.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the U.K. Listing Authority in accordance with Article 16 of the Prospectus Directive and relevant implementing measures in the United Kingdom. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

# RISK FACTORS

*The Company believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*If any of the risks described below actually materialise, the Company's and the Group's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to happen, the trading price of the Notes could decline and investors could lose all or part of their investment.*

*The Company believes that the factors described below represent all the material risks inherent in investing in Notes issued under the Programme, but the inability of the Company to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Company based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

**Risks relating to the Group**

***The Group's results of operations can be adversely impacted by declines in global trading volumes***

The Group's results of operations can be affected by the volume of its business, which in turn depends on worldwide trade volumes as well as the import and export volumes of the regions in which the Group operates. The Group derives and will continue to derive a significant part of its revenue from customers in the UAE and worldwide and as a result, in common with other multi-national organisations, the occurrence of any negative economic, political or geographical events in these locations could have an adverse impact on revenues. This in turn could cause the Group's business to be harmed.

Global trading volumes can be affected by, amongst other factors:

- changing economic cycles and other macro-economic developments;
- the imposition of tariffs, trade barriers, sanctions, boycotts and other restrictions;
- the levels of inflation and interest rates in the regions in which the Group operates;
- significant variations in the exchange rates applicable to currencies in the regions in which the Group operates;
- governmental reactions to economic conditions and developments;
- the development of emerging market economies and government policies;
- fluctuations in the price of oil;
- trade disputes and work stoppages, particularly in the transportation services industry; and
- acts of war, hostilities, natural disasters, epidemics or terrorism.

If global trading volumes decline significantly in future periods, the Group's business, prospects, results of operation and financial condition, as well as its future growth, could be materially and adversely affected (see "*Risks relating to the regions in which the Group operates – The Group is subject to the risks of political, social and economic instability associated with countries and regions in which the Group operates or may seek to operate*").

***The Company's ultimate majority shareholder, Dubai World, and the Government have the ability to exert significant influence over the Group and their interests may conflict with the interests of the Group or the Noteholders***

PFZW owns 80.45 per cent. of the Company's issued and outstanding share capital and, therefore, has the ability to exert significant influence over the Group. PFZW is wholly-owned by Dubai World Corporation ("**Dubai World**"), a holding company owned by the Government.

Dubai World implemented a restructuring on 29 June 2011 and its terms require the compliance with certain restrictive covenants by the Group set out in a facilities agreement for Dubai World negotiated by Dubai World with a co-ordinating committee of certain banks, a facility agent and a security agent, originally dated 23 March 2011 (the "**Facilities Agreement**"). Dubai World executed an amendment to the Facilities Agreement on 18 March 2015, which became effective on 2 April 2015.

Certain provisions of the Facilities Agreement may restrict Dubai World and its direct and indirect subsidiaries from providing support to the Group should it encounter financial or other difficulties in the future. However, these restrictive covenants do not restrict the Group from conducting its business in the ordinary course as described in this Base Prospectus or from repaying its indebtedness or from discharging its obligations in respect of the Transaction Documents (as further described under "*Terms and Conditions of the Notes*"). In general, a waiver of the requirement for the Supreme Fiscal Committee approval to incur indebtedness exists for Dubai World subsidiaries, including the Company, and there are no constraints imposed indirectly on the Company as a result of obligations binding on any of its direct or indirect holding companies which are likely to have a material adverse effect on the ability of the Company to perform and comply with its payment and other material obligations in relation to the Transaction Documents. The recently concluded amendment to the Facilities Agreement has not materially changed the position of the Group from that in the original Facilities Agreement.

In addition, Dubai World and the Government may exert control over, among other things:

- election of the Company's directors and, in turn, selection of its management;
- the Group's business policies and strategies;
- budget approval;
- the issuance of new debt or equity securities and the arrangement of other sources of financing;
- mergers, acquisitions and disposals of the Group's assets or businesses (such as the recent Acquisition);
- increases or decreases in share capital; and
- amendments to the Company's constitutional documents.

Consequently, there can be no assurance that the resolution of any matter at a general meeting of the shareholders that may involve the interests of Dubai World or the Government, as represented by PFZW, will be resolved in what the Noteholders would consider to be in their or the Group's best interests. Any such resolution may have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

***The Group's inability to achieve and manage the growth of its container terminal business, whether through organic growth or by winning new concessions or through bolt-on acquisitions, could adversely impact the Group's business***

The Group's ability to achieve and manage the future growth of its container terminal business will depend upon a number of factors, including the Group's ability to maintain, expand or develop relationships with its customers, suppliers, contractors, lenders and other third parties, reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Group, find and exploit suitable development, expansion or acquisition opportunities and expand the Group's operating capacity in line with

market demand on a timely and reasonable basis. It will also depend on the Group's ability to adjust and optimise its management and operating structure.

Growth through the winning of new concessions or bolt-on acquisitions also entails risks inherent in identifying suitable opportunities and assessing the value, strengths and weaknesses of the acquisition candidates, as well as integrating the acquired businesses into the Group's operations. In addition, prior to acquisition by the Group, target companies may have incurred contractual, financial, regulatory, environmental or other obligations and liabilities that may impact the Group in the future and that are not adequately reflected in the historical financial statements of such companies or otherwise known to the Group or discovered by it during the due diligence process or with respect to which the Group does not have adequate indemnities from the seller. Furthermore, the Group's ability to complete acquisitions will depend on, and may be limited by, the availability of suitable acquisition targets and restrictions contained in the Group's debt instruments and other existing and future financing arrangements. The Group's ability to complete acquisitions may also be limited by its ability to secure financing for such acquisitions as well as by regulatory constraints within the countries in which the Group operates due to anti-trust laws or political conflicts. See "*Risks relating to the regions in which the Group operates – Anti-trust and competition laws in the countries in which the Group operates may limit its growth and subject it to anti-trust and other investigations*".

The Group's investment in development and expansion projects has increased over the last few years. The Group currently has eight new developments and major expansion projects underway that will provide it with the ability to increase its existing gross capacity to over 100 million TEU by 2020. These and other future investments in capacity will be based on the Group's expectations of market demand. However, there can be no assurance that market demand or the Group's business will increase in the near future or that demand for its services will grow at rates sufficient to achieve a satisfactory return on any expenditure that it makes. The Group also cannot provide assurance that any future acquisitions will be successfully identified and completed or that, if acquisitions are completed, the acquired companies will generate sufficient revenue to offset the associated costs or other harmful effects on the Group's business. A failure on the Group's part to manage its growth efficiently and effectively could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group faces significant competition in the container terminal industry for concessions and throughput and in Free Zone activity, which could adversely affect its ability to maintain or increase its profitability***

The global container terminal industry is highly competitive. The Group faces significant competition from other global container terminal operators, as well as smaller regional operators situated in the same locations as the Group, for both concessions, which allow the Group to operate in a particular port, and, once the Group has established operations in a specific location, throughput. While the Group competes with other terminal operators for both transhipment and O&D throughput on the basis of location, productivity, accessibility, connectivity, price and value added services, because transhipment throughput can be more easily routed through alternative ports and terminals, competition for transhipment throughput tends to be more price-sensitive and less captive than O&D throughput. For the year ended 31 December 2014, approximately 30 per cent. of the Group's gross throughput was transhipment (which was in line with the years ended 31 December 2013 and 2012).

The Group competes with other terminal operators for concessions primarily on the basis of the concession rates that will be paid to the owner of the relevant port. When choosing a concessionaire, however, governments or other port owners may also consider other factors, including, among other things, the extent of the regional dominance exhibited by a proposed concessionaire. Consequently, the Group may face a competitive disadvantage when competing for new concessions in regions or countries in which the Group is the market leading terminal operator.

Following significant consolidation in the decade up until 2007, both internally and within the container shipping industry, consolidation within the container terminal industry has stabilised in recent years. According to Drewry, the five largest terminal operators by throughput and capacity, Hutchison Port Holdings ("**HPH**"), APM Terminals ("**APMT**"), PSA International ("**PSA**"), Cosco Group and DP World,

collectively accounted for 420.2 million TEU, or 44.1 per cent., of global gross capacity as of 31 December 2013 and 49.7 per cent. of global gross throughput for the year ended 31 December 2013 (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2014). Consolidation within the container terminal industry has resulted in the Group's having to compete with other terminal operators, some of which are larger than the Group and have greater financial resources than the Group and, therefore, may be able to bid at higher concession rates, invest more heavily or effectively in their facilities or withstand price competition and price volatility more successfully than the Group. In addition, some of the Group's competitors may have broader operational experience and longer standing relationships with international shipping companies.

There can be no assurance that consolidation within the container terminal industry will not become more prevalent (see "*Ports Operation Industry Overview – Industry Trends*") or that the Group's competitors will not undertake additional mergers and acquisitions to increase their capacity, economies of scale and financial and market strength.

If the Group is unable to compete effectively against its container terminal competitors, the Group may be forced to increase its concession rate bids or lower its fees, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

In relation to the Group's newly acquired free zone business, there are currently several other free zones in Dubai and the other Emirates with which it competes. These include the new industrial free zone at Taweelah in Abu Dhabi, known as Khalifa Industrial Zone Abu Dhabi ("**KIZAD**"), which is being financially supported by the Abu Dhabi government and is actively bringing in major industrial companies as tenants. KIZAD currently has a capacity of 51 square kilometres (compared to 55 square kilometres at JAFZ) that is expected to grow to approximately 420 square kilometres by 2030. KIZAD is situated adjacent to, and integrated with, the Khalifa Port, which currently has a capacity of 2.5 million TEU that is expected to grow to approximately 15 million TEU by 2030 (compared to the Jebel Ali port which is expected to have a capacity of 19 million TEU by the end of 2015). In addition, there are currently certain other GCC nations which are developing or expanding integrated port and free zone projects. Ongoing developments in the State of Qatar and the Sultanate of Oman are collectively expected to add approximately 15 million TEU of port capacity supported by approximately 50 square kilometres of adjacent free zone capacity by 2030. In addition, areas such as the Dubai Investment Park, Jumeirah Lake Towers and Dubai World Central offer alternative office and warehouse space.

Currently, the Group achieves premium lease rates in the Free Zone. However, its ability to continue to do so is contingent on JAFZ retaining its leading position in the market by virtue of being a more attractive location and its ability to attract and retain new and existing customers.

Competition with other free zones and integrated port projects could result in JAFZ having to reduce its lease rates in the Free Zone, which could materially and adversely affect the cash flows generated by JAFZ under the Concession Documents. These declines, coupled with the possible decline in occupancy levels, could if sustained, materially and adversely affect the business, prospects, results of operation and financial condition of the Group.

***The Group is exposed to certain risks in respect of the expansion of terminals and port facilities and the development and construction of new terminals and port facilities***

As at the date of this Base Prospectus, the Group has eight new developments and major expansion projects underway. The Group's development and expansion projects are subject to receipt of various final regulatory approvals in certain jurisdictions. These projects typically require substantial capital expenditures throughout the development, construction and upgrading phases and may take months or years before they become operational and start generating revenue and cash flow for the Group, during which time the Group is subject to a number of construction, financing, operating and other risks beyond its control, including, but not limited to:

- shortages and increases in the cost of materials, equipment, labour or other necessary supplies;
- adverse weather conditions and natural disasters;

- an inability on the Group's part to make any necessary financing arrangements on terms favourable to it, if at all;
- risk of counterparty defaults which tend to increase during periods of recession;
- changes in demand for the Group's services;
- complexity introduced into the operations when launching new technologies or machinery becoming outdated;
- labour disputes and disputes with sub-contractors;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation and other links that are necessary or desirable for the successful operation of a project;
- failure to complete projects according to specification;
- accidents, civil unrest, wars and other unforeseen events;
- changes in governmental priorities or the level of governmental support that the Group receives; and
- an inability to obtain on a timely basis, if at all, and maintain project development permission or requisite governmental licenses, permits or approvals.

The occurrence of one or more of these events may negatively affect the Group's ability to complete its current or future projects on schedule, if at all, or within the estimated budget and may prevent it from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the revenues that the Group is able to generate from its projects will be sufficient to cover the associated construction and development costs.

Furthermore, because most of the Group's development and expansion projects are governed by contracts that it enters into with the owner of a particular port, failure on the Group's part to fulfil its obligations relating to such projects, including meeting its deadlines in a timely manner, may constitute a breach under the relevant contract and subject the Group to penalties, including payment of liquidated damages, or, in the case of a serious breach, termination of a project and/or civil liabilities. Although the Group attempts to allocate risk of failure to sub-contractors and suppliers to the fullest extent possible, if the Group is unable to seek full indemnification from third parties with respect to any such breach, the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

***The Group's inability to maintain and renew concession agreements at its existing facilities and the Free Zone may adversely affect its financial condition and results of operations***

Substantially all terminal operations in the container terminal industry are conducted pursuant to long-term operating concessions or leases entered into by a terminal operator and the owner of a relevant port, typically a governmental entity. Concession agreements often contain clauses that allow the owner of a port to cancel the agreement, impose penalties on the Group if it does not meet specified investment obligations, which, especially in the case of investments designed to reduce the environmental impact of a particular operation, can be substantial, or require minimum payments based on previously estimated throughput, regardless of actual throughput handled. Concession agreements may also allow the owner of a port to reassess and increase the rent periodically (for instance, in March 2015, the Port of Melbourne Corporation reassessed and significantly increased the rent payable by the Group, although the Group intends to challenge this assessment in accordance with the terms of the concession agreement).

Similarly, because many of the counterparties to concession agreements are governmental entities, terminal operators, including the Group, are subject to the risk that concession agreements may be cancelled because of political, social or economic instability (see "*Risks relating to the regions in which the Group operates – The Group is subject to the risks of political, social and economic instability associated with countries and regions in which the Group operates or may seek to operate*"). The Group cannot provide any

assurance that one or more of its existing concession agreements will not be prematurely cancelled or the rent payable by the Group will be increased during the life of a concession or that the Group will not be penalised, with or without cause, by the applicable counterparty or that the Group will be able to successfully challenge such cancellations, increases and/or penalties.

In advance of the expiration of a concession agreement, the owner of a port will typically agree to renew the concession with the existing concessionaire, but often only after significant renegotiation that usually involves, among other things, a commitment on the part of the concessionaire to make capital expenditures or increase in fees with respect to the relevant operation.

Although not common in the industry, there can be no assurance that the Group will be able to renew its concession agreements upon their expiration on commercially reasonable terms, if at all, or that the Group would be the winning bidder in any re-tender of one or more of its existing concessions should the relevant port owner elect not to renew the relevant concession agreement with the Group. If the Group is unable to renew one or more of its concession agreements on commercially reasonable terms on or before their expiration dates or if the concession agreement is cancelled, the capacity of the Group's terminal portfolio will be reduced by the amount of capacity provided by the terminals associated with such concession agreements and the Group's business, prospects, results of operation and financial condition as well as geographic reach may be materially and adversely affected.

In relation to the Group's newly acquired free zone business, the concession granted by JAFZA to JAFZ pursuant to the Concession Documents constitutes the primary source of revenues from the Free Zone. The Concession Documents impose the following contractual restrictions on the termination rights of JAFZA:

- *Concession Agreement*: JAFZA has the right to terminate the Concession Agreement upon an event of default of JAFZ, being: (a) a breach by JAFZ of its obligations under the Concession Agreement which has a material adverse effect; (b) non-payment of the concession fee or part thereof when due; and (c) JAFZ ceasing to carry on the Services or abandoning or substantially abandoning the operation of any part of the Concession Area; and
- *Usufruct Agreement*: JAFZA has the right to terminate the Usufruct Agreement upon an event of default of JAFZ under the Usufruct Agreement (which events are substantially similar to those in the Concession Agreement). As a matter of law, the Usufruct Rights are registered with the Dubai Land Department and, therefore, are similar in nature to registration of title.

Certain provisions in the Concession Agreement and the Usufruct Agreement were included to protect the rights of any potential providers of finance to JAFZ. In particular, the agreements state that no variation, amendment or waiver of any of their provisions may be agreed or declared if such variation, amendment or waiver would, in the view of JAFZ, materially adversely affect the rights of any provider of finance to JAFZ. Therefore, JAFZ is not entitled to terminate the Concession Agreement and the Usufruct Agreement as long as any amounts are outstanding under any finance arrangements.

If the Concession Documents were to be terminated or cancelled for any reason, the Group would lose its main source of revenue in the Free Zone and the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

***A significant number of the Group's operations are run through joint ventures and other entities in which it holds a minority interest and, in some cases, the Group does not have the right or power to direct the management and policies of such companies***

As a significant number of the Group's container terminal and other ports-related operations are conducted through jointly controlled entities, associated companies and partnerships, the Group is exposed to risks relating to actions taken by its joint venture partners and controlling shareholders of entities in which the Group holds a minority interest. For the year ended 31 December 2014, the Group's share of profits of equity accounted associates and joint ventures, excluding SDIs, constituted U.S.$78.0 million (or approximately 10.3 per cent.) of the Group's profit after tax for the period, before SDIs. Similarly, U.S.$2,534.0 million (or approximately 14.2 per cent.) of the Group's total assets as of 31 December 2014 comprised investments in associates and joint ventures. To the extent that the Group does not have a controlling equity stake in, or the

right or power to direct the management and policies of, a joint venture or other company through which the Group conducts its operations, joint venture partners or controlling shareholders may take action that is not in accordance with the Group's policies and objectives. Should a joint venture partner or controlling shareholder act contrary to the Group's interest, it could have a material adverse effect upon the Group's business, business, prospects, results of operation and financial condition.

Joint venture transactions present many of the same risks involved in acquisitions, but also involve additional risks, including the possibility that the Group's joint venture partners may have economic, business or legal interests or goals that are inconsistent with the Group's own, may become bankrupt, may refuse to make additional investments that the Group deems necessary or desirable or may prove otherwise unwilling or unable to fulfil their obligations under the relevant joint venture or associated agreements. There is also a risk that the Group's joint venture partners may ultimately become its competitors. In addition, joint ventures with government entities also expose the Group to risks relating to differences in focus or priorities between successive regimes.

The Group's ability to expand successfully through joint ventures will depend upon the availability of suitable and willing joint venture partners, the Group's ability to consummate such transactions and the availability of financing on commercially acceptable terms. The Group cannot give any assurance that it will be successful in completing joint ventures or that, once completed, a joint venture will be profitable for the Group. If a joint venture is unsuccessful, the Group may be unable to recoup its initial investment and the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

In addition, the Group's ability to dispose of inadequate or poorly performing businesses is sometimes subject to governmental approval, which may force the Group to bear the costs of any such business for a longer period of time, with an increasingly negative and prolonged impact on its business, prospects, results of operation and financial condition, than would otherwise be the case.

***The Group's businesses require substantial capital investment, and the Group may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable***

The Group operates in capital intensive industries that require a substantial amount of capital and other long-term expenditures, including those relating to the development and acquisition of new container terminal facilities and the expansion of existing container terminal facilities. The Group expects to utilise a combination of internally generated cash and external borrowings, including banking and capital markets transactions, to meet its financing requirements. If necessary, the Group may also seek to obtain additional funding from the equity markets. However, there can be no assurance that the Group's ultimate controlling shareholder, Dubai World, would approve, or be willing or able to participate, in any such financing.

The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including its future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction. Moreover, any decline in global credit markets and/or reduced liquidity may affect the Group's ability to secure financing on commercially reasonable terms, if at all. The Group cannot provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and the Group may be required to secure any such financing with a lien over its assets or agree to contractual limitations on its business.

In addition, covenants contained in the Group's current or future financing agreements may restrict it from undertaking capital expenditure in amounts and at times that the Group deems necessary or desirable or when specified by construction timelines contained in concessions for new container terminal facilities (see "*Risks relating to the Group – The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates*"). If the Group is unable to generate or obtain funds sufficient to make, or is otherwise restricted from making, necessary or desirable capital expenditure and other investments, it may

be unable to grow its business, which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates***

As at 31 December 2014, the Group had approximately U.S.$5,855.0 million of outstanding indebtedness. On a *pro forma* basis and assuming that the Acquisition had become effective on 31 December 2014, the Group would have had net debt of approximately U.S.$5,433.6 million and it may incur additional indebtedness in the future to finance the growth of its business.

The Group's indebtedness may expose it to a number of risks, including:

- increasing the Group's vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the Group's indebtedness, thereby reducing the Group's ability to use its cash flow to fund its operations, capital expenditures and future business opportunities and to pay dividends;
- exposing the Group to the risk of increased interest rates with respect to its borrowings at variable rates of interest, unless the Group is able to fully hedge its interest rate exposure with respect to such borrowings;
- restricting the Group from making strategic acquisitions or causing it to make non-strategic divestitures;
- limiting the Group's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting the Group's ability to adjust to changing market conditions and place it at a competitive disadvantage compared to its competitors that are less highly leveraged.

In addition, the Group's debt agreements contain various covenants that limit its ability to engage in specified types of transactions. These covenants limit the Group's ability to, among other things (and subject to certain thresholds):

- incur or guarantee additional financial indebtedness or issue certain redeemable shares;
- grant security or create any security interests; and
- consolidate, merge or sell or otherwise dispose of any of the Group's assets.

Furthermore, certain of the Group's debt agreements contain, and future agreements may contain, cross-default clauses whereby a default under one of the Group's debt agreements may constitute an event of default under other of the Group's debt agreements. For instance, the Syndicated Loan Facility (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness*") requires the Group to maintain a specified ratio of total debt to total debt plus equity and other financial condition tests. The Group's ability to meet such ratios and tests can be affected by events beyond the Group's control, and there can be no assurance that the Group will meet such ratios and tests.

Moreover, the Syndicated Loan Facility as well as the Company's guaranteed outstanding listed debt securities contain "change of control" provisions which require the Government, either directly or indirectly, to hold at least 50 per cent. of the Company's issued share capital. However, the Group has no ability to control the actions of the Government or PFZW with respect to their holding of the Company's share capital and can therefore make no assurance that either entity will not dispose of its holdings of the Group's Company's share capital in the future either voluntarily or involuntarily. A breach of any of these covenants or provisions would result in a default under the Syndicated Loan Facility and the Company's guaranteed

outstanding listed debt securities, which may allow the holders to take action to accelerate the maturity of the securities. Accordingly, any such breach could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

For further information regarding the Group's material indebtedness and the undertakings and covenants included therein, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness*".

***Fluctuations in currency exchange rates could have an adverse effect on the Group's results of operations***

Because the Group presents its financial statements in U.S. dollars, it is exposed to risks related to the translation of assets and liabilities denominated in other currencies. As of 31 December 2014, approximately 65.0 per cent. of the Group's net operating assets were denominated in currencies other than the functional currency of the Company (being the UAE dirham, which is pegged to the U.S. dollar). As a result, currency fluctuations can have a material impact on the Group's balance sheet.

In addition to these translation risks, the Group is exposed to transaction risks as a result of differences in the currency mix of its operating revenue and cost of sales. As a result, a depreciation or appreciation of a particular local currency against the U.S. dollar could have either a positive or negative impact on the Group's balance sheet and profit margin and therefore its profit for the year (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Currency Risk*").

Although the Group currently hedges some of its exchange rate exposure by entering into swap and/or other currency exchange rate hedging transactions, there can be no assurance that such transactions will fully protect the Group from exchange rate risk or that the Group will continue to be able to enter into such arrangements on commercially reasonable terms, if at all. Accordingly, there can be no assurance that future exchange rate fluctuations between the U.S. dollar and the currencies of countries in which the Group operates will not have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***Increases in interest rates may adversely affect the Group's financial condition***

Interest rates are highly sensitive to many factors beyond the Group's control, including the interest rate and other monetary policies of governments and central banks in the jurisdictions in which the Group operates, and the variable rate debt portion of the Group's loans and borrowings is subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. Consequently, any increase in such reference rates will result in an increase in the Group's interest rate expense and may have a material adverse effect on the Group's financial condition and results of operations. As of 31 December 2014, U.S.$1,764.0 million of the Group's financial instruments carried interest at floating rates before taking interest rate swaps into account. A hypothetical 1 per cent. change in interest rates on this portion of the Group's financial instruments, after taking interest rate swaps into account, would result in a change in the Group's interest expense of approximately U.S.$28.5 million per year. Furthermore, there can be no assurance that, upon the expiration of the Group's current interest rate hedging arrangements, it will be able to enter into similar hedging transactions in the future on commercially reasonable terms, if at all, or that these agreements, if entered into, will protect the Group fully against its interest rate risk in the future. Any future unhedged interest rate risk may result in an increase in the Group's interest expense and may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***There may be significant, unforeseen difficulties integrating the business operations of the Group and the EZW Group***

The Group acquired the EZW Group on 16 March 2015 and the Company intends, to the extent possible, to integrate the EZW Group's operations into the Group. The Company's goal in integrating these operations will be to optimise supply chain productivity and efficiencies of Jebel Ali's customers, coordinate future expansion of the Jebel Ali port and the Free Zone and achieve certain cost savings from centralisation of support and head office functions. However, the Company may encounter difficulties integrating its operations with the operations of the EZW Group, resulting in a delay or the failure to achieve the anticipated

benefits. If such difficulties are significant, this could materially and adversely affect the business, prospects, results of operation and financial condition of the Group.

***Revenues generated by the Free Zone are dependent upon occupancy levels, rental rates and legislation***

The success of the EZW Group is largely dependent on the level of revenues generated within the Free Zone and the exercise by JAFZ of its rights under the Concession Documents. These revenues primarily comprise leasing revenue, as well as revenue from registration and licensing activities and administration services, and are driven by the supply of, and demand for, available space which is suitable to tenants in the Free Zone, as well as other factors, such as the perceived desirability of the Free Zone by tenants as a business location.

A decrease in demand for space in the Free Zone, including for land, warehouses, offices and onsite residential accommodation, would adversely affect occupancy levels in the Free Zone and associated revenues.

Additionally, leasing revenue received by JAFZ could also be affected by legislative restrictions on the permissible level of rental increases and possible future changes in law. Recent Dubai legislation prescribes the maximum increase which is permitted upon renewal of most types of leases in Dubai and could restrict JAFZ's ability to increase lease rates and, accordingly, its leasing revenues generated within the Free Zone.

Furthermore, the boundaries of the Free Zone are set in the Concession Documents, which means that the growth of JAFZ is limited to the development of undeveloped land or the re-development of developed properties in the Free Zone. As at 31 December 2014, approximately 17 per cent. of the land available in the Free Zone was undeveloped. Demand for space in the Free Zone in the future may be adversely affected by, among other things, competitive factors; a downturn in the global, regional or local economy; circumstances which cause the UAE or Dubai to be perceived as a less desirable place to do business; a change in law reducing the economic advantages to tenants of doing business in the Free Zone; a decline in the level of services provided to tenants in the Free Zone; and a change in the environmental condition of the Free Zone. A decline in the overall level of leasing revenue generated from the Free Zone and/or revenue from licensing activities and/or administration services could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

***The Group is exposed to credit risk with respect to its counterparties, and the Group's business could be adversely affected if its counterparties default on their obligations to the Group***

A failure by any of the Group's debtors to pay their obligations to the Group, or inability to pay by any of the Group's counterparties, may have a significant impact on the Group's reserves and profitability. As of 31 December 2014, the Group's ten largest customers accounted for approximately 58.0 per cent. of the Group's gross trade receivables. While the Group seeks to limit its credit risk by setting credit limits for individual counterparties, taking financial guarantees from counterparties and monitoring outstanding receivables, the Group's counterparties may in the future default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons. The Group's credit risk is increased by the fact that its largest counterparties operate in the same industry and therefore may be similarly affected by changes in economic and other conditions. In addition, the Group is often unable to obtain reliable information regarding the financial condition of a number of its customers because they are privately-held companies and have no obligation to make such information publicly available. While the Group takes steps to closely monitor this risk and to ensure tight control in respect of the credit risk of its counterparties, any delayed payment, non-payment or non-performance on the part of one or more of the Group's major customers, or a number of the Group's smaller counterparties, could have a material adverse effect on the Group's business, prospects, results of operation and financial condition (including cash flow).

***The discontinuation of any of the preferential tax treatments currently available to the Group may increase the Group's tax liabilities and decrease the Group's profitability***

Certain of the Group's container terminal operations (for instance, certain terminals located in China, India and Turkey) benefit from tax "holiday" or similar awards, which exempt the Group from paying tax on its profits or allow it to pay a reduced rate of tax on its profits (in most cases for a specified period of time and in some for a specific taxable amount). Such awards do not extend to the dividend distribution of such

profits. In India, the Group also pays a significantly lower rate of customs duties on the Group's imports of capital goods as a result of the Export Promotion Capital Goods Scheme ("**EPCG Scheme**"), which reduces the customs duties on imports of capital goods on the basis that certain prescribed levels of exports are achieved. As a result of these tax awards, the Group's overall tax charge is less than it would otherwise be in the absence of such awards. The existing tax awards expire at various times between 2015 and 2018 and, upon their expiration, the Group will be required to pay tax on the Group's profits at the normal rate for the relevant country. In addition, if the Group fails to meet the prescribed level of exports in India under the EPCG Scheme, the Group will be liable to pay the full rate of customs duties on the Group's imports of capital goods. There can be no assurance that the tax awards that the Group currently enjoys will remain unchanged and any change in respect of one or more such awards may materially and adversely affect the Group's tax liabilities and profitability. Any future increase in the Group's tax expense may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group's port operations could be adversely affected by natural disasters or other catastrophic events beyond the Group's control***

The Group's business operations and development and construction projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- the amount of silting that occurs in the areas around and leading to the Group's facilities;
- invasion, piracy, sabotage, rebellion, revolution, insurrection, military or usurped power, war and radioactive or other material environmental contamination;
- riots or other forms of civil disturbance;
- occurrence of any contagious disease (such as SARS, Avian Flu or Ebola Virus Disease), which may adversely affect global or regional trade volumes or customer demand with respect to cargo transported to or from affected areas;
- major accidents, including chemical, and radioactive or other material environmental contamination;
- denial of the use of any railway, port, airport, shipping service or other means of public transport; and
- strike or lock-out or other industrial action by workers or employers.

The occurrence of any of these events at one or more of the Group's facilities or development and construction projects or in the regions in which the Group operates may cause delays in the arrival and departure of vessels or disruptions to the Group's operations in part or in whole, may increase the costs associated with dredging activities, may subject the Group to liability or impact its brand and reputation and may otherwise hinder the normal operation of its container terminals or the Free Zone, which could materially and adversely affect the Group's business, prospects, results of operation and financial condition. The effect of any of these events may be worsened to the extent that any such event involves risks for which the Group is uninsured or not fully insured (see "*Risks Relating to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*").

***The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business***

The Group's operations may be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to the Group's facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and acts of God, as well as risks relating to the Group's provision of services to customers, including, with respect to the Group's container terminal and Free Zone operations, damage to customers' property, delays, misrouting of cargo and documentation errors, may result

in losses or expose the Group to liabilities in excess of its insurance coverage or significantly impair the Group's reputation. There can be no assurance that the Group's insurance coverage will be sufficient to cover the loss arising from any or all such events or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Group has no insurance cover or inadequate insurance cover, the Group could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, it may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Group in excess of any related insurance cover that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

***Additional security requirements may increase the Group's operating costs and restrict its ability to conduct its ports business***

In recent years, various international bodies and governmental agencies and authorities in the countries in which the Group operates have implemented numerous security measures that affect the Group's container terminal operations and the costs associated with such operations. The International Ship and Port Facility Security Code ("**ISPS Code**"), which was implemented in 2004, and, to the extent that the Group's terminals handle cargo destined for the United States, the global security initiatives emanating from the U.S. Safe Ports Act of 2006, specifically the Container Security Initiative ("**CSI**") and the Secure Freight Initiative ("**SFI**"), are examples of such security measures. The ISPS Code is a comprehensive set of measures designed to enhance the security of ships and port facilities and requires the Group and the Group's staff to, among other things, gather and assess information related to shippers and cargos, maintain communication protocols, restrict access to the Group's facilities as appropriate, provide the means to raise alarms, establish vessel and port security plans, and ensure training and drills are conducted. The SFI and CSI programs are designed to improve U.S. port security by requiring the advance transmission of manifest documentation and technical images of pre-screened containers before they reach U.S. ports. Failure on the Group's part to comply with the security requirements applicable to the Group or obtain relevant security-related certifications may, among other things, prevent certain shipping line customers from using the Group's facilities and result in higher insurance premiums, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

In addition, new security measures or updated regulatory compliance requirements, which may be influenced by political or other considerations not aligned with the Group's interests, may be introduced at any time, including in connection with the EU Customs Security Program – Authorised Economic Operator initiative, the U.S. Customs – Trade Partnership Against Terrorism initiative and other government-to-industry initiatives, and ensuring the Group's compliance with such measures or requirements may involve considerable time and resources on the Group's part. The costs associated with existing and any additional or updated security measures will negatively affect the Group's operating income to the extent that it is unable to recover the full amount of such costs from its customers, who generally also have faced increased security-related costs, or, in certain cases, the owners of the ports in which the Group operates. Similarly, additional security measures that require the Group to increase the scope of its screening procedures may effectively reduce the capacity of, and increase congestion at, the Group's terminals, which may negatively affect the Group's business, prospects, results of operation and financial condition.

***The Group relies on security procedures carried out at other port facilities and by its shipping line customers, which are outside of the Group's control***

The Group inspects cargo that enters its terminals in accordance with the inspection procedures prescribed by, and under the authority of, the governmental body charged with oversight of the relevant port. The Group also relies on the security procedures carried out by its shipping line customers and the port facilities that such cargo has previously passed through to supplement the Group's own inspection to varying degrees. The Group attempts to mitigate security-related risks as much as possible (for instance, through cargo inspection and reliance on shipping line security procedures) and believes that it maintains standards for security at its terminals, including with respect to compliance with the ISPS Code and internationally-recognised efficient

security management systems that meet or exceed those generally adopted by the container terminal industry. However, the Group cannot guarantee that none of the cargo that passes through its terminals will be impacted by breaches in security or acts of terrorism either directly against the Group or indirectly in other areas of the supply chain that will impact on the Group. A security breach or act of terrorism that occurs at one or more of the Group's facilities, or at a shipping line or other port facility that has handled cargo before the Group, could subject the Group to significant liability, including the risk of litigation and loss of goodwill. In addition, a major security breach or act of terrorism that occurs at one of the Group's facilities or one of its competitors' facilities may result in a temporary shutdown of the container terminal industry and/or the introduction of additional or more stringent security measures and other regulations affecting the container terminal industry, including the Group (see "*Risks relating to the Group – Additional security requirements may increase the Group's operating costs and restrict its ability to conduct its ports business*"). The costs associated with any such outcome could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group is subject to a wide variety of regulations and may face substantial liability if it fails to comply with existing or future regulations applicable to its businesses***

In each of the jurisdictions in which the Group operates and will operate, it has to comply with laws, regulations and administrative policies which relate to not only environmental regulations and safety standards but also employment (including pensions), anti-corruption, banking and tax. In particular, JAFZ must comply with safety standards stipulated by JAFZA as the competent authority with respect to the Free Zone.

The Group's terminal and Free Zone operations are subject to extensive international, national and local laws and regulations governing, among other things (as applicable), the fees that the Group is permitted to charge at certain ports, the loading, unloading and storage of hazardous materials, environmental protection and health and safety. The Group's ability to operate its businesses is contingent on the Group's ability to comply with these laws and regulations and to obtain, maintain and renew as necessary related approvals, permits and licenses from governmental agencies and authorities in the countries in which the Group operates. As the laws and regulations governing the Group's operations, and the legal interpretations of these laws and regulations, are not uniform across the countries in which the Group operates, it is exposed to the costs and administrative difficulties involved in keeping itself informed of new and evolving legislation and regulations that span many jurisdictions. Because of the complexities involved in ensuring compliance with different and sometimes inconsistent national and international regulatory regimes, there can be no assurance that the Group will remain in compliance with all of the regulatory and licensing requirements imposed on it by each relevant jurisdiction.

The Group's failure to comply with all applicable regulations and obtain and maintain requisite certifications, approvals, permits and licenses, whether intentional or unintentional, could lead to substantial penalties, including criminal or administrative penalties or other punitive measures, result in revocation of the Group's licenses and/or increased regulatory scrutiny (including, in the case of JAFZ, restrictions on providing leasing activities or other services), impair the Group's reputation, subject it to liability for damages, trigger a default under one or more of its financing agreements or invalidate or increase the cost of the insurance that it maintains for its ports business. Additionally, the Group's failure to comply with regulations that affect its staff, such as health and safety regulations, could affect its ability to attract and retain staff (see "*Risks relating to the Group – If the Group fails to retain and attract qualified and experienced employees, its business may be harmed*"). The Group could also incur civil liabilities such as abatement and compensation for loss in amounts in excess of, or that are not covered by, the Group's insurance (see also "*Risks relating to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*"). For the most serious violations the Group could also be forced to suspend operations until it obtains such approvals, certifications, permits or licenses or otherwise bring its operations into compliance.

In addition, changes to existing regulations or tariffs or the introduction of new regulations or licensing requirements (which may be retrospective) are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such regulations, tariffs

or licensing requirements could materially and adversely affect the Group's business by reducing its revenue, increasing its operating costs or both and the Group may be unable to mitigate the impact of such changes. Further or future tariff reductions at one or more of the Group's terminals could have a negative effect on the Group's results of operations.

Finally, any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Group's ability to address environmental incidents or external threats. If the Group is unable to control the costs involved in complying with these and other laws and regulations, or recover the full amount of such costs from its customers, the Group's business, prospects, results of operation and financial condition could be materially and adversely affected.

***If the Group fails to retain and attract qualified and experienced employees, its business may be harmed***

If the Group is unable to retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or fails to recruit skilled professional and technical staff in pace with its growth, its business and financial results may suffer. There is intense competition in the UAE for skilled personnel, especially at the senior management level, due to a disproportionately low number of available qualified and/or experienced individuals compared to current demand. Consequently, when talented employees leave, the Group may have difficulty, and incur additional costs, replacing them. The loss of any member of the Group's management team or any of the Group's terminal managers may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of capacity. These adverse results could, among other things, reduce potential revenue, prevent the Group from diversifying its service lines and expose it to downturns in the markets in which the Group operates, all of which could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

***Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on the Group's operating results***

The Group's operations depend on employees who may be party to national or local collective bargaining arrangements or benefit from local applicable law, regulation or custom regarding employee rights and benefits. If the Group is unable to negotiate acceptable labour agreements or maintain satisfactory employee relations, the results could include work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs) at one or more of the Group's facilities, any of which could have a material adverse effect on the Group's business, business, prospects, results of operation and financial condition.

***Failure in the Group's information and technology systems could result in delays to its business operations***

The Group's information and technology systems are designed to enable it to use its infrastructure resources as efficiently as possible and monitor and control all aspects of its operations. Although each of the Group's terminals, based on the nature of its business, is configured to keep its systems operational under abnormal conditions, including with respect to business processes and procedures, any failure or breakdown in these systems could interrupt its normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could dramatically impact the Group's ability to offer services to its customers, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition. Similarly, any significant delays or interruptions in the Group's loading or unloading of a customer's cargo could negatively impact its reputation as an efficient and reliable terminal operator.

Further, in common with other terminal operators based in the GCC and elsewhere in the world, the threat to the security of the Group's information and container-related data from cyber-attacks is real and continues to grow at pace. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future

attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Group's reputation, business, prospects, results of operation and financial condition.

The Group is also reliant on third party vendors to supply and maintain much of its information technology. In particular, as is the case for many of the Group's competitors, a significant percentage of the Group's core operations currently use information and technology systems provided by Navis, LLC ("**Navis**"), which the Group relies on for related support and upgrades. In the event that Navis or one or more of the other third party vendors that the Group engages to provide support and upgrades with respect to components of the Group's information technology ceased operations or became otherwise unable or unwilling to meet the Group's needs, there can be no assurance that the Group would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

**Risks relating to the regions in which the Group operates**

***The Group is subject to political and economic conditions in Dubai, as well as the UAE as a whole***

For the year ended 31 December 2014, 68.9 per cent. of the Group's revenue, excluding SDIs, related to its operations located in the Middle East, Europe and Africa financial reporting segments, a significant portion of which related to operations in the UAE. On a *pro forma* basis and assuming that the Acquisition had become effective on 1 January 2014, 72.7 per cent. of the Group's revenue in 2014, excluding SDIs, would have been related to its operations located in the Middle East, Europe and Africa financial reporting segments, with the increase being almost entirely related to operations in the UAE since virtually all of the EZW Group's revenues are derived from the Free Zone.

Consequently, the Group's results of operations are and will continue to be affected in general by economic and political developments in or affecting Dubai and the UAE and, in particular, by the level of economic activity in Dubai the UAE and the broader Middle East, Indian subcontinent and Africa regions.

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Despite the UAE being viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector and the sizeable wealth of the Government of Abu Dhabi, fluctuations in energy prices have an important bearing on economic growth (see also "*Risks relating to the Group – The Group's results of operations can be adversely impacted by declines in global trading volumes*"). While the UAE is seen as a relatively stable political environment with generally healthy international relations, certain other jurisdictions in the Middle East are not. In particular, since early 2011 there has been, and continues to be, political unrest in a range of countries in the Middle East and North Africa ("**MENA**") region, including Algeria, Bahrain, Egypt, Jordan, the Islamic Republic of Iran, Iraq, Libya, Oman, the Kingdom of Saudi Arabia, Syria, Tunisia and Yemen.

The situation has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date the impact on the UAE and the Free Zone has not been significant due to the position of the UAE, and in particular, the port at Jebel Ali, as a safe haven for trade and shipping in the Middle East. The Group's business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur. In particular, any blockage of, or other event affecting, the Strait of Hormuz or other political or military disruptions in the Arabian Gulf could prevent the Group's shipping line customers from reaching the ports at which the Group operates in the UAE, including through prohibitive increases in their insurance premiums. Any such occurrences could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises. Whilst Dubai and the UAE

have enjoyed significant economic growth and relative political stability following the global financial crisis, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

Noteholders should also note that the Group's business and financial performance could be materially and adversely affected by political, economic or related developments both within and outside the Middle East region because of inter-relationships within the global financial markets. The Group could be materially and adversely affected in the future by any deterioration of general economic conditions in the markets in which its customers operate, as well as by international trading market conditions and/or related factors.

***The Group is subject to the risks of political, social and economic instability associated with countries and regions in which it operates or may seek to operate***

The Group conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic or political instability. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Group's investments in these countries. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of the Group's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits the Group's competitors.

Specific country risks that may have a material adverse effect on the Group's financial condition and results of operations include:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- difficulties and delays in obtaining requisite governmental licenses, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights; and
- under-developed industrial and economic infrastructure, including railway and road systems that are unable to deal with the high volumes handled at a particular terminal.

In addition, to the extent that any of the Group's operations is located in a country or region that is designated a Hull, War, Strikes, Terrorism and Related Perils Listed Area by Lloyd's Joint War Committee, shipping lines must pay war risk premiums in respect of insurance that they obtain for vessels travelling in such areas. Three of the Group's container terminals are located in two countries that are currently designated Hull, War, Strikes, Terrorism and Related Perils Listed Areas, namely the Kingdom of Saudi Arabia and the Islamic Republic of Pakistan. Such a designation could negatively affect the decisions of the Group's shipping line customers to continue to call at these terminals.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export, import and throughput controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls;
- labour and welfare benefit policies; and
- land and water use.

As the political, economic and social environments in certain countries in which the Group has made, or may consider making, investments remain subject to continuing development, investments in such countries are characterised by a significant degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in such countries, or in countries that neighbour such countries, could have a material adverse effect on the investments that the Group has made or may make in the future, which in turn could have a material adverse effect on the Group's business, prospects, results of operation and financial condition. For additional risks relating to political and economic conditions in Dubai, the UAE and the Middle East, see "*Risks relating to the regions in which the Group operates – The Group is subject to political and economic conditions in Dubai, as well as the UAE as a whole*".

***Government policies relating to the container terminal industry may be changed in countries in which the Group operates and will operate and any such changes in a country could have a material adverse effect on its financial condition and results of its operations in that country***

Government policies relating to the container terminal industry may be changed in countries in which the Group operates. Any such changes may require the Group to change aspects of the way that the Group conducts business in the relevant country, which could have a material effect on the Group's financial condition, results of operations and prospects to the extent that current policies differ significantly from the policies ultimately promulgated by the relevant country. Any changes in government policies relating to the container terminal industry in countries that the Group is not currently operating in could prevent or restrict the Group's ability to operate in those countries in the future.

***Anti-trust and competition laws in the countries in which the Group operates and will operate may limit its growth and subject it to anti-trust and other investigations***

The anti-trust and competition laws and related regulatory policies in many of the countries in which the Group operates generally favour increased competition in the container terminal industry and may prohibit the Group from making further acquisitions or continuing to engage in particular practices to the extent that the Group holds a leading market share in such countries. In addition, violations of such laws and policies could potentially expose the Group to civil lawsuits or criminal prosecution, including fines and imprisonment. The Group cannot predict the effect such investigations will have on the Group's business. If as a result of any such investigation, the relevant anti-trust or competition authority imposes fines or other penalties on the Group or prohibits the Group from engaging in certain types of business in one or more of the regions in which the Group operates, the Group's financial performance and future growth could be materially and adversely affected.

## Risks Related to the Notes

***Since the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, unconsolidated joint ventures and associates, its ability to make payments in respect of the Notes issued by it, depends on its ability to obtain cash dividends or other cash payments or obtain loans from such entities***

The Company currently conducts substantially all of its operations through its subsidiaries, unconsolidated joint ventures and associates, and such entities generate substantially all of the operating income and cash flow of the Company. Since the Company has no direct operations or significant assets other than the capital stock of these entities, it relies on free cash flow of its subsidiaries, cash dividends from its joint ventures and associates, investment income, financing proceeds and other permitted payments from its subsidiaries, joint ventures and associates to make principal and interest payments on its debt (including the Notes issued by it), pay operating expenses and pay other obligations that may arise from time to time.

The ability of such subsidiaries, joint ventures and associates to make payments to the Company depends largely on the financial condition, ability to generate profits and ability to distribute such amounts, if any, of such entities. Because such subsidiaries, joint ventures and associates are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance funds to the Company and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or partners or the applicable laws and regulations of the various countries in which such entities operate. Similarly, because of the holding company structures of the Company, claims of the creditors of such subsidiaries, joint ventures and associates, including trade creditors, banks and other lenders, effectively have priority over any claims that the Company may have with respect to the assets of these entities. See "*Risks related to the Notes – Claims in respect of the Notes will be structurally subordinated to claims of creditors of the subsidiaries of the Company*".

No assurance can be given that such subsidiaries, joint ventures or associates will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance sufficient funds to the Company to enable it to meet its obligations, pay interest and pay expenses. The inability of one or more of these entities to pay dividends or lend or advance funds to the Company could have a material adverse effect on the business, prospects, results of operation and financial condition of the Company or the Group.

***Claims in respect of the Notes will be structurally subordinated to claims of creditors of the subsidiaries of the Issuer***

In the event of a winding-up or insolvency of one of the subsidiaries of the Issuer, claims of secured and unsecured creditors of such subsidiary, including trade creditors, banks and other lenders, will have priority with respect to the assets and revenues of such subsidiary over any claims that the Issuer or the creditors of the Issuer may have with respect to such assets and revenues. Generally, all of the obligations of a subsidiary of the Issuer would have to be satisfied before any of the assets or revenues of such subsidiary would be available, upon liquidation or otherwise, to the Issuer or the creditors of the Issuer. The Notes will therefore be structurally subordinated to the indebtedness of the subsidiaries of the Issuer, the amount of which is not subject to contractual limitations under the terms of the Notes. See "*Risks Relating to the Group – The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates*".

***The terms of the Notes will contain provisions allowing for modification, waivers and substitution thereof and, as a result, the Terms and Conditions of the Notes may change***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that, if in the opinion of the Trustee it is not materially prejudicial to the interests of the Noteholders, the Trustee may, without the consent of Noteholders, agree to: (i) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; (ii) any modification (subject as

provided in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes; or (iii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such; or (iv) the substitution of another company as principal debtor under any Notes in place of the Issuer or any previously substituted company, as described in Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

***The transferability of the Notes may be limited under applicable securities laws***

The Notes have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. The Notes may not be offered, sold or otherwise transferred in the United States or to or for the account or benefit of a U.S. person other than to persons that are QIBs. Each purchaser of the Notes will also be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended to restrict transfers of the Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of the Notes to ensure that its offers and sales of the Notes comply with all applicable securities laws.

In addition, if at any time the Issuer determines that any owner of Notes, or any account on behalf of which an owner of Notes purchased its Notes, is a person that is required to be a QIB and does not meet those requirements, the Issuer may require that such owner's Notes be sold or transferred to a person designated by or acceptable to the Issuer.

***The European Monetary Union may cause Notes denominated in certain currencies to be re-denominated in euro***

If Notes are issued under the Programme which are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union which has adopted the euro as its sole currency and, before the relevant Notes are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow, including, but not limited to, any or all of the following: (i) all amounts payable in respect of the relevant Notes may become payable in euro; (ii) applicable law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of interest on such Notes. The introduction of the euro in such a country could be accompanied by a volatile interest rate and/or economic environment which could adversely affect investors in the Notes. Any of these or any other consequences could materially and adversely affect the holders of the relevant Notes.

***The EU Savings Directive may give rise to withholding on certain Notes***

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of

the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If the Notes are in definitive form, the Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

***Payments on certain Notes may be subject to U.S. withholding tax under FATCA***

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime including a withholding tax with respect to certain payments made after 31 December 2016 (at the earliest) by non-U.S. entities that are classified as financial institutions under FATCA. The United States has entered into, in substance, an intergovernmental agreement regarding the implementation of FATCA with the United Arab Emirates (the "**IGA**"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

***Certain Bearer Notes, the denominations of which involve integral multiples, may be illiquid and difficult to trade***

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the relevant clearing system, would need to purchase an additional amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes. Noteholders should be aware that Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Noteholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Noteholder may not receive a definitive Bearer Note in respect of such holding (should they be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Bearer Note.

***Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures***

Notes issued under the Programme will be represented on issue by one or more Global Notes or Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as described under "*Summary of Provisions Relating to the Notes while in Global Form*"). Except in the circumstances described in each Global Note and Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note or a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.

Holders of beneficial interests in a Global Note or Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

***A change of law may materially and adversely affect the Notes***

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of any Notes nor whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

***Investments in emerging markets are subject to greater risk than investments in more developed markets.***

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

**Risks Relating to the Structure of a Particular Issue of Notes**

***Notes issued at a substantial discount or premium are subject to increased volatility***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Notes are subject to optional redemption by the Issuer upon the occurrence of certain tax events and may otherwise be subject to optional redemption by the Issuer***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Tranche due to certain changes affecting taxation in the UAE, the Emirate of Dubai or the DIFC, any political subdivision or authority therein or thereof having the power to tax as provided or referred to in Condition 8 (*Taxation*), the Issuer may redeem all but not some only of the outstanding Notes of such Tranche in accordance with Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).

In the case of Notes with an additional optional redemption feature, the Issuer may choose to redeem such Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the

interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, such an optional redemption feature could limit the market value of Notes prior to or during any period when the Issuer may elect to redeem Notes as the market value of those Notes generally would not rise substantially above the price at which they can be redeemed.

***Fixed/Floating Rate Notes are subject to additional risks***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on the Notes.

***Any Fixed Rate Notes the Issuer may issue will be subject to interest rate risks***

An investment in Fixed Rate Notes involves the risk that subsequent changes in market rates may materially and adversely affect the value of such Fixed Rate Notes.

**Risks Relating to Enforcement**

***The Issuer may be able to avail itself of an automatic moratorium applicable to all creditors, secured or unsecured, and without their consent, in respect of it and its assets wherever located upon notification to the Tribunal established under Decree No. 57 of 2009 passed by the Ruler of Dubai that it intends to make a proposal to its creditors for a voluntary arrangement***

On 13 December 2009, the Ruler of Dubai passed a decree establishing a tribunal (the "**Tribunal**") to decide any disputes related to Dubai World and/or its direct and indirect subsidiaries (each a "**Dubai World Company**"), including the Issuer, and their respective creditors. The decree, titled Decree No. 57 of 2009 Establishing a Tribunal to decide the Disputes Related to the Settlement of the Financial Position of Dubai World and its Subsidiaries ("**Decree 57**"), established an insolvency protection framework for each Dubai World Corporation by applying the insolvency regime of the DIFC, subject to certain modifications, to each Dubai World Corporation. Decree 57 gives the Tribunal established under it the power to impose an automatic moratorium on all secured and unsecured creditors in respect of any Dubai World Corporation which submits a voluntary arrangement notification to the Tribunal or to order the liquidation of any such company to the extent that such voluntary arrangement is not sanctioned by the Tribunal. Accordingly, should Noteholders, or the Trustee acting on their behalf, assert a claim in respect of the Notes against the Issuer, the Issuer could seek to stay such claim by submitting a voluntary arrangement notification to the Tribunal. Decree 57 also provides that courts in Dubai, including the courts of the DIFC, shall not hear or decide any demand, claim or other matter which is within the jurisdiction of the Tribunal by virtue of Decree 57. In addition, the Tribunal issued a practice direction on 30 March 2010 stating that it will be the policy of the Tribunal to respect and enforce arbitration agreements made between a Dubai World Corporation and its creditors and that where disputes have already arisen, the Tribunal expects the parties to continue with pending arbitration proceedings in accordance with their contractual obligations.

As at the date of this Base Prospectus, the Issuer is aware of one claim which has been initiated against it and in respect of which the Tribunal has accepted jurisdiction. However, the application of Decree 57 to the Issuer remains largely untested and there can be no certainty as to the Tribunal accepting jurisdiction over future claims regarding the Issuer. Further, it is currently not known how Decree 57 will affect the conduct of this claim or any future claims involving the Issuer and its creditors which are brought in Dubai or the DIFC, including claims which are the subject of arbitration, or how the Tribunal will conduct any claims brought before it.

***Investors may experience difficulty enforcing arbitration awards and foreign judgments in the DIFC***

The payments under the Notes are dependent upon the Issuer making payments to the investors in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary to bring an action against the Issuer to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming. The Issuer is incorporated in and under the laws issued by the DIFC; its headquarters are located in Dubai and a substantial portion of the assets of the Issuer are located in the United Arab Emirates and a number of other jurisdictions outside the United Kingdom and the United States. As a result, prospective investors may have difficulty effecting service of process in the United Kingdom or the United States upon the Issuer in connection with any lawsuits related to the Notes, including actions arising under the laws of the United Kingdom or the federal securities laws of the United States.

Each of the Agency Agreement, the Trust Deed, the Dealer Agreement and the Notes (as defined herein) are governed by English law (the "**English Law Documents**") and the Issuer has agreed (where the arbitration arrangements described below are not applied) to submit to the jurisdiction of the courts of England in respect of any unresolved dispute arising out of or in connection with the English Law Documents, subject to the right of the Agents, the Trustee, the Noteholders and any Arranger or Dealer, as the case may be, to elect to bring proceedings in any other court or courts of competent jurisdiction. In the event that the DIFC courts accept jurisdiction over a claim, the DIFC courts, in accordance with Dubai Law No.12 of 2004 (as amended) (*Law of the Judicial Authority at the DIFC*) (the "**Judicial Authority Law**"), DIFC Law No.10 of 2005 (as amended and restated) (*Law relating to the application of DIFC Laws*) (*Amended and Restated*) (the "**Application Law**") and DIFC Law No.3 of 2004 (*Law on Application of Civil and Commercial Laws in the DIFC*), will apply the governing law chosen by the parties in determining disputes. However, the DIFC courts may not observe the parties' choice of English law as the governing law of the English Law Documents or the Notes in certain circumstances described in such laws, for example, if there is regulatory content or if it is deemed to conflict with public morals and public policy in the UAE.

It is currently unclear as to whether the DIFC courts would enforce an English court judgment or U.S. court judgment obtained in actions against the Issuer. Article 24 of the DIFC Law No.10 of 2004 (*DIFC Court Law*) (the "**DIFC Court Law**") provides that, pursuant to Article 7(4) of the Judicial Authority Law, the DIFC Court of First Instance has jurisdiction to ratify any judgment, order or award of any recognised: (i) foreign court; (ii) Dubai or UAE court; (iii) UAE or foreign arbitral award; or (iv) orders for the purposes of any subsequent application for enforcement in the Dubai courts in the manner prescribed in DIFC law. Article 42(1) of the DIFC Court Law provides that judgments, orders or awards issued or ratified by the DIFC courts may be enforced within the DIFC in the manner prescribed in the DIFC Rules of Court and Article 42(2) of the DIFC Court Law provides that judgments, orders or awards issued or ratified by the DIFC courts may be enforced outside the DIFC in accordance with the Judicial Authority Law. There is no clear guidance on what is a "recognised foreign court". In theory, an English court judgment could be enforced within the DIFC against the contract counterparty; however, this is yet to be tested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC courts will ratify and enforce a foreign judgment. Further, there is no treaty in effect between any of the United States, the United Kingdom and the UAE providing for the enforcement of judgments of U.S. or English courts in civil and commercial matters, and the grounds upon which DIFC courts may decline to enforce the judgments of U.S. or English courts, as the case may be, are unclear as they remain untested. Some remedies available under U.K. laws and the laws of U.S. jurisdictions (including some remedies available under the U.S. federal securities laws) may not be upheld in the DIFC courts on the basis that such remedies may amount to a penalty.

The parties to the English Law Documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"), with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England are stated to have jurisdiction to settle any disputes). Article 5A(1) of the Judicial Authority Law provides that the DIFC Court of First Instance will have exclusive jurisdiction over, amongst other things, any civil or commercial claims and actions to which a DIFC incorporated entity is a party. However, pursuant to Article 13 of the Application Law, the parties express submission to arbitration and to the jurisdiction of the English courts should be

effective, subject to the DIFC court's interpretation of Article 5A(1) and 5A(2) of the Judicial Authority Law. Further, notwithstanding Article 13 of the Application Law, it is not free from doubt that the DIFC courts would not re-examine the merits of a case.

DIFC Law No.10 of 2004 (the "**DIFC Court Law**") provides that where the UAE has entered into an applicable treaty for mutual enforcement of judgments, orders or awards, the DIFC Court of First Instance will comply with the terms of such a treaty. The UAE is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") and the DIFC Court of First Instance should therefore recognise a foreign arbitral award if it complies with the requirements of the New York Convention without re-examining the merits of the case. The DIFC Law No. 1 of 2008 (the "**Arbitration Law**") provides that an arbitral award, irrespective of the State or jurisdiction in which it was made, shall be recognised as binding within the DIFC and, upon application in writing to the DIFC courts shall be enforced. However, the DIFC Arbitration Law provides a number of grounds upon which the recognition or enforcement of an arbitral award may be refused by the DIFC courts, including where the DIFC courts finds that the subject-matter of the dispute would not have been capable of settlement by arbitration under the laws of the DIFC, or the enforcement of the award would be contrary to the public policy of the UAE How the New York Convention provisions would be interpreted and applied by the DIFC courts in practice and whether the DIFC courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested.

Notwithstanding the provisions of the DIFC Court Law, the Arbitration Law and the Judicial Authority Law as discussed above, for so long as Decree 57 remains in force, the Tribunal shall have jurisdiction over the Issuer with respect to "*any demand, claim or other matter*" in accordance with Article 9 of Decree 57. The interpretation by the DIFC courts of Article 9 of Decree 57 is likely to extend to an application for recognition and enforcement of an arbitral award or a foreign court judgment. Accordingly, as of the date of this Base Prospectus, it remains unclear whether the DIFC courts would enforce an arbitral award or a foreign judgment against the Issuer in relation to the English Law Documents or the Notes.

***The Company's waiver of immunity may not be effective under the laws of the DIFC***

Dubai Law No. 10 of 2005 (*Government Lawsuits Amendment*) grants to the Government of Dubai and its affiliates immunity in respect of its assets in the following terms: "*No debt or obligation owing from the Ruler or the Government may be recovered by seizing, attachment, selling by public auction or taking possession in any legal action of the Ruler's or the Government's properties and assets whether or not a final judgment is issued in respect of such debt or obligation.*" Since the Company is indirectly majority-owned by the Government of Dubai, it may be able to claim sovereign immunity. In addition, Article 247 of Federal Law No.11 of 1992 regarding the Law of Civil Procedures (as amended) provides that public or private assets owned by the UAE or any of the Emirates may not be confiscated. There is a risk that the assets of the Company may fall within the ambit of government assets and as such cannot be attached or executed upon.

Although the Issuer has irrevocably waived its right in relation to sovereign immunity, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Trust Deed, the Agency Agreement, the Dealer Agreement and the Notes are valid and binding under the laws of the DIFC and the UAE.

**Risks Relating to the Market Generally**

***A secondary market may not develop for any Notes***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. The liquidity of any market for the Notes that may develop depends on a number of factors, including:

- the method of calculating the principal and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;

- the redemption features of the Notes; and
- the level, direction and volatility of market interest rates generally.

Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material and adverse effect on the market value of Notes.

***The Notes may be subject to exchange rate risk and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment. As a result, investors may receive less interest or principal than expected, or no interest or principal. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note may not be available at such Note's maturity.

***Credit ratings assigned to the Company and/or the Notes are subject to ongoing evaluation and there can be no assurance that the ratings currently assigned to the Company and/or the Notes will not be placed on credit watch or downgraded***

As at the date of this Base Prospectus, the Company has been assigned a rating of Baa3 (stable outlook) by Moody's and BBB- (stable outlook) by Fitch. Each of Fitch and Moody's is established in the European Union and is registered under the CRA Regulation. One or more independent credit rating agencies may also assign credit ratings to the Notes. Any ratings of either the Company or the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Notes. Nevertheless, real or anticipated changes in the Company's credit ratings or the ratings of the Notes generally will affect the market value of the Notes. Any adverse change in the applicable credit rating could adversely affect the trading price of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-European Union credit rating agencies, unless the relevant credit ratings are endorsed by a European Union-registered credit rating agency or the relevant non-European Union rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive

evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to ratings will be disclosed in the applicable Final Terms (or Pricing Supplement, as applicable). A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

**Risks Relating to the DIFC**

***The Company is incorporated in the DIFC, which was established in 2004, and the legal framework applicable remains largely untested***

The DIFC is a relatively recently established jurisdiction and therefore the legal and regulatory regimes applicable to the Company and other companies domiciled in the DIFC, including the relevant companies laws, are relatively new and, at this stage, remain largely untested. Consequently, it is not clear how some of these laws and regulations will be interpreted and implemented by the DIFC courts and bodies in practice because, as yet, there are no precedents. These uncertainties could affect the ability of the Trustee to enforce Noteholders' rights or the Company's ability to defend itself against claims by others, including regulators, judicial authorities and third parties who may challenge the Company's compliance with applicable laws, decrees and regulations. For a discussion of limitations on the enforceability of judgments against the Company and the impact of Decree 57, see "*Risk Factors – Risks Related to the Notes – Risks Relating to Enforcement*".

# SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

**Initial Issue of Notes**

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below).

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee of a Common Depositary for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of Cede & Co. as nominee for DTC and delivery of the relevant Global Certificate to the U.S. Registrar as Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

**Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

**Exchange**

***Temporary Global Notes***

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the applicable Final Terms (or Pricing Supplement, as applicable) indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; or

(ii) in whole or in part and upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, for interests in a permanent Global Note of the same Series (exchangeable for Definitive Notes in the circumstances set out in "*– Permanent Global Notes*" below),

in each case, in accordance with the applicable Final Terms (or Pricing Supplement, as applicable).

The option for temporary Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 22 (*Form of Notes*) in Part A of the applicable Final Terms (or Pricing Supplement, as applicable) if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a temporary Global Note exchangeable for Definitive Notes.

***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "– *Partial Exchange of Permanent Global Notes*", in part for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable); or

(ii) upon the occurrence of an Exchange Event,

in each case, in accordance with the applicable Final Terms (or Pricing Supplement, as applicable).

For these purposes, "**Exchange Event**" means: (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, that any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Definitive Notes.

The option for permanent Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 22 (*Form of Notes*) in Part A of the applicable Final Terms (or Pricing Supplement, as applicable) if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a permanent Global Note exchangeable for Definitive Notes.

**Global Certificates**

***Unrestricted Global Certificates***

If the applicable Final Terms (or Pricing Supplement, as applicable) state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made in whole but not in part:

(i) if the relevant clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;

(ii) if principal in respect of any Notes is not paid when due; or

(iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraphs (i) or (ii), the registered holder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

***Restricted Global Certificates***

If the applicable Final Terms (or Pricing Supplement, as applicable) state that the Registered Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made:

(i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within ninety (90) days of receiving notice of such ineligibility on the part of DTC; or

(ii) in whole or in part, with the Issuer's consent,

provided that, in the case of any transfer pursuant to paragraph (i), the relevant registered holder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

***Partial Exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

***Delivery of Notes***

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will: (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange; or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions.

In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

***Exchange Date***

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

***Amendment to Conditions***

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

***Payments***

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) (*Payments and Talons – Appointment of Agents*) and Condition 8(d) (*Taxation – Payment by another Paying Agent*) will apply to the Definitive Notes only.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Payments and Talons – Non-Business Days*).

***Payment Record Date***

Each payment in respect of the Global Certificates will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificates are being held is open for business.

***Prescription***

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

***Meetings***

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Global Certificates in the register of the certificate holders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer or any Subsidiary (as defined in the Trust Deed) if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be).

***Noteholders' Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

***Trustee's Powers***

In considering the interests of Noteholders while any Global Note is held on behalf of, or any Global Certificate is registered in the name of a nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

***Notices***

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate. Any such notice shall be deemed to have been given to the Noteholders on the third day after the day on which such notice is delivered to the relevant clearing system as aforesaid. The Issuer shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which the Notes are for the time being, or by which they have for the time being been, admitted to trading.

# APPLICABLE FINAL TERMS

**Final Terms dated [•]**

**DP World Limited**
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the U.S.$5,000,000,000**
**Global Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the base prospectus dated 13 April 2015 (the "**Base Prospectus**") [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU and any implementing measures in a relevant Member State) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement(s) to it dated [•]] and the Final Terms are available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours from the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") contained in the Trust Deed dated [•] and set forth in the base prospectus dated [•] [and the supplement(s) to it dated [•]] which are incorporated by reference into the base prospectus dated 13 April 2015 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU and any implementing measures in a relevant Member State) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 13 April 2015 [and the supplement(s) to it dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Conditions, these Final Terms and the Base Prospectus dated 13 April 2015 [and the supplement(s) to it dated [•]]. Copies of the Base Prospectus[, the supplement(s) to it] and the Final Terms are available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours from the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom]

| | | | |
|---|---|---|---|
| 1. | Issuer: | | DP World Limited |
| 2. | (i) | Series Number: | [•] |
| | [(ii) | Tranche Number: | [•]] |
| | [(ii) | Date on which the Notes become fungible: | [•]] |

| | | |
|---|---|---|
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount of Notes: | |
| | (i) Series: | [•] |
| | [(ii) Tranche: | [•]] |
| 5. | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]] |
| 6. | (i) Specified Denominations: | [•] |
| | (ii) Calculation Amount: | [•] |
| 7. | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [[•]/Issue Date/Not Applicable] |
| 8. | Maturity Date: | [•] |
| 9. | Interest Basis: | [[•] per cent. Fixed Rate] |
| | | [[•] +/- [•] per cent. Floating Rate] |
| | | [Zero Coupon] |
| 10. | Redemption/Payment Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount |
| 11. | Change of Interest Basis: | [Applicable/Not Applicable] |
| 12. | Put/Call Options: | [Put Option] |
| | | [Call Option] |
| | | [Change of Control Put Option] |
| 13. | (i) Status of the Notes: | Senior |
| | (ii) [Date [Board] approval for issuance of Notes obtained: | [•] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | |
|---|---|---|
| 14. | Fixed Rate Note Provisions | [Applicable/Not Applicable] |
| | (i) Rate(s) of Interest: | [•] per cent. per annum payable in arrear on each Interest Payment Date |
| | (ii) Interest Payment Date(s): | [•] in each year [up to and including the Maturity Date] |
| | (iii) Fixed Coupon Amount[(s)]: | [•] per Calculation Amount |
| | (iv) Broken Amount(s): | [[•] per Calculation Amount payable on the Interest Payment Date falling in/on [•]]/[Not Applicable] |

| | | |
|---|---|---|
| (v) | Day Count Fraction: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| (vi) | Determination Dates: | [•] in each year |
| 15. | Floating Rate Note Provisions | [Applicable/Not Applicable] |
| (i) | Interest Period(s): | [[•] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| (ii) | Specified Interest Payment Dates: | [[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| (iii) | Interest Period Date: | [•] |
| (iv) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/ [Not Applicable] |
| (v) | Business Centre(s): | [•] |
| (vi) | Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: | [Screen Rate Determination/ISDA Determination] |
| (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent): | [•] |
| (viii) | Screen Rate Determination: | |
| | • Reference Rate: | [LIBOR/LIBID/LIMEAN/EURIBOR] |
| | • Interest Determination Date(s): | [•] |
| | • Relevant Screen Page: | [•] |

| | | |
|---|---|---|
| (ix) | ISDA Determination: | |
| | • Floating Rate Option: | [•] |
| | • Designated Maturity: | [•] |
| | • Reset Date: | [•] |
| | • [ISDA Definitions: | [2000] |
| (x) | Linear Interpolation: | [Applicable/Not Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation] |
| (xi) | Margin(s): | [+/–] [•] per cent. per annum |
| (xii) | Minimum Rate of Interest: | [•] per cent. per annum |
| (xiii) | Maximum Rate of Interest: | [•] per cent. per annum |
| (xiv) | Day Count Fraction: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| 16. | Zero Coupon Note Provisions | [Applicable/Not Applicable] |
| (i) | Amortisation Yield: | [•] per cent. per annum |
| (ii) | Reference Price: | [•] |
| (iii) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |

**PROVISIONS RELATING TO REDEMPTION**

| | | |
|---|---|---|
| 17. | Call Option | [Applicable/Not Applicable] |
| | (i) Optional Redemption Date(s): | [•] |
| | (ii) Optional Redemption Amount: | [•] per Calculation Amount |
| | (iii) If redeemable in part: | |
| | (a) Minimum Redemption Amount: | [•] per Calculation Amount |
| | (b) Maximum Redemption Amount: | [•] per Calculation Amount |
| | (iv) Notice Period (if other than as set out in the Conditions): | [•] |
| 18. | Put Option | [Applicable/Not Applicable] |
| | (i) Optional Redemption Date(s): | [•] |
| | (ii) Optional Redemption Amount: | [•] per Calculation Amount |
| | (iii) Notice Period (if other than as set out in the Conditions): | [•] |
| 19. | Change of Control Put Option: | [Applicable/Not Applicable] |
| | (a) Change of Control Redemption Amount: | [•] per Calculation Amount |
| 20. | Final Redemption Amount: | [•]/[Par] per Calculation Amount |
| 21. | Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [Not Applicable/Final Redemption Amount/[•]/[Par] per Calculation Amount] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 22. | Form of Notes: | Bearer Notes:<br><br>[Temporary Global Note exchangeable on and after the Exchange Date for a permanent Global Note which is exchangeable for Definitive Notes [on [•] days' notice/only upon an Exchange Event]]<br><br>[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]<br><br>[Permanent Global Note exchangeable for Definitive Notes [on [•] days' notice/only upon an Exchange Event]] |

| | | |
|---|---|---|
| | | Registered Notes:<br><br>[Unrestricted Global Certificate (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]<br><br>[Restricted Global Certificate (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]]<br><br>[Reg. S Compliance Category [1/2/3]; [Rule 144A;] TEFRA C/TEFRA D/TEFRA not applicable] |
| 23. | Additional Financial Centre(s) or other special provisions relating to payment dates: | [Not Applicable/[•]] |
| 24. | Details relating to Instalment Notes: | [Applicable/Not Applicable] |
| | (i) Instalment Amount(s): | [Not Applicable/[•]] |
| | (i) Instalment Date(s): | [Not Applicable/[•]] |
| 25. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes]/[No] |

**SIGNED** on behalf of DP World Limited:

By: .....
Duly authorised

## PART B – OTHER INFORMATION

1. **LISTING**

| | | |
|---|---|---|
| (i) | Listing and Admission to trading: | [Application [will be/has been] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to the official list of the U.K. Listing Authority with effect from [the Issue Date/[•]]] |
| (iii) | Estimate of total expenses related to admission to trading: | [•] |

2. **RATINGS**

Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[Standard & Poor's: [•]]

[Moody's: [•]]

[Fitch: [•]]

[Other: [•]]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. **YIELD** [•] per cent. per annum on a [quarterly/[semi-] annual] basis]
***(Fixed Rate Notes only)***

5. **OPERATIONAL INFORMATION**

| | | |
|---|---|---|
| (i) | ISIN: | [•] |
| (ii) | Common Code: | [•] |
| (iii) | CUSIP: | [•] |
| (iv) | CINS: | [•] |
| (v) | Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): | [•]/[Not Applicable] |
| (vi) | Delivery: | Delivery [against/free of] payment |

| | | |
|---|---|---|
| (vii) | Names and addresses of additional Paying Agent(s) (if any): | [•] |
| (vii) | Name and address of Registrars: | [[•]] |

6. **THIRD PARTY INFORMATION**

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•] no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

# FORM OF PRICING SUPPLEMENT

**Pricing Supplement dated [•]**

No base prospectus is required to be produced in accordance with Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) (the "**Prospectus Directive**") for the issue of Notes described below and, accordingly, the Notes issued as described below are not required to, and do not comply with, the Prospectus Directive. The U.K. Listing Authority has neither approved nor reviewed the information contained in this Pricing Supplement.

**DP World Limited**
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the U.S.$5,000,000,000**
**Global Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the base prospectus dated 13 April 2015 (the "**Base Prospectus**") [and the supplement(s) to it dated [•]]. This document constitutes the Pricing Supplement relating to the issue of Notes described herein and must be read in conjunction with the Base Prospectus [as so supplemented]. In order to get the full information on the Issuer and the Notes described herein, this Pricing Supplement must be read in conjunction with the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours from the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") contained in the Trust Deed dated [•] and set forth in the base prospectus dated [•] [and the supplement(s) to it dated [•]]* which are incorporated by reference into the base prospectus dated 13 April 2015 (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus dated 13 April 2015 [and the supplement(s) to it dated [•]]*, save in respect of the Conditions. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Conditions, this Pricing Supplement and the Base Prospectus dated 13 April 2015 [and the supplement(s) to it dated [•]]*. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/ news/market-news/market-news-home.html) and during normal business hours from the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

[Include whichever of the following apply or specify as "**Not Applicable**" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1. Issuer: DP World Limited

2. (i) Series Number: [•]

* Only include this language where it is a fungible issue and the original Tranche was issued under a "*Prospectus*" with a different date.

| | | | |
|---|---|---|---|
| | [(ii) | Tranche Number: | [•]] |
| | [(ii) | Date on which the Notes become fungible: | [•]] |
| 3. | Specified Currency or Currencies: | | [•] |
| 4. | Aggregate Nominal Amount of Notes: | | [•] |
| | (i) | Series: | [•] |
| | [(ii) | Tranche: | [•]] |
| 5. | Issue Price: | | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from of [•]] |
| 6. | (i) | Specified Denominations: | [•] |
| | (ii) | Calculation Amount: | [•] |
| 7. | [(i)] | Issue Date: | [•] |
| | [(ii)] | Interest Commencement Date: | [[•]/Issue Date/Not Applicable] |
| 8. | Maturity Date: | | [•] |
| 9. | Interest Basis: | | [[•] per cent. Fixed Rate]<br>[[•] +/- [•] per cent. Floating Rate]<br>[Zero Coupon]<br>[Other (specify)] |
| 10. | Redemption/Payment Basis: | | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount<br>[Other (specify)] |
| 11. | Change of Interest Basis: | | [Applicable/Not Applicable] |
| 12. | Put/Call Options: | | [Put Option]<br>[Call Option]<br>[Change of Control Put Option] |
| 13. | (i) | Status of the Notes: | [•] |
| | (ii) | [Date [Board] approval for issuance of Notes obtained: | [•] |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | | |
|---|---|---|---|
| 14. | Fixed Rate Note Provisions | | [Applicable/Not Applicable] |
| | (i) | Rate(s) of Interest: | [•] per cent. per annum payable in arrear on each Interest Payment Date |
| | (ii) | Interest Payment Date(s): | [•] in each year [up to and including the Maturity Date] |

| | | |
|---|---|---|
| (iii) | Fixed Coupon Amount[(s)]: | [•] per Calculation Amount |
| (iv) | Broken Amount(s): | [[•] per Calculation Amount payable on the Interest Payment date falling [in/on] [•]/[Not Applicable]] |
| (v) | Day Count Fraction: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)]<br>[(specify other)] |
| (vi) | Determination Dates: | [•] in each year |
| (vii) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | [Not Applicable/*give details*] |
| 15. | Floating Rate Note Provisions | [Applicable/Not Applicable] |
| (i) | Interest Period(s): | [[•] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| (ii) | Interest Payment Dates: | [[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| (iii) | Interest Period Date: | [•] |
| (iv) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/ other (*give details*)] [Not Applicable] |
| (v) | Business Centre(s): | [•] |
| (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination/ other (give details)] |
| (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent): | [•] |

| | | |
|---|---|---|
| (viii) | Screen Rate Determination: | |
| | • Reference Rate: | [LIBOR/LIBID/LIMEAN/EURIBOR]<br>[Other (*specify*)] |
| | • Interest Determination Date(s): | [•] |
| | • Relevant Screen Page: | [•] |
| (ix) | ISDA Determination: | |
| | • Floating Rate Option: | [•] |
| | • Designated Maturity: | [•] |
| | • Reset Date: | [•] |
| | • [ISDA Definitions: | [2000] |
| (x) | Linear Interpolation: | [Applicable/Not Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)] |
| (xi) | Margin(s): | [+/−] [•] per cent. per annum |
| (xii) | Minimum Rate of Interest: | [•] per cent. per annum |
| (xiii) | Maximum Rate of Interest: | [•] per cent. per annum |
| (xiv) | Day Count Fraction: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| (ix) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [•] |

| | | | |
|---|---|---|---|
| 16. | Zero Coupon Note Provisions | | [Applicable/Not Applicable] |
| | (i) | Amortisation Yield: | [•] per cent. per annum |
| | (ii) | Reference Price: | [•] |
| | (iii) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | [•] |
| | (iv) | Any other formula/basis of determining amount payable: | [•] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 17. | Call Option | | [Applicable/Not Applicable] |
| | (i) | Optional Redemption Date(s): | [•] |
| | (ii) | Optional Redemption Amount: | [•] per Calculation Amount |
| | (iii) | If redeemable in part: | |
| | | (a) Minimum Redemption Amount: | [•] per Calculation Amount |
| | | (b) Maximum Redemption Amount: | [•] per Calculation Amount |
| | (iv) | Notice Period (if other than as set out in the Conditions): | [•] |
| 18. | Put Option | | [Applicable/Not Applicable] |
| | (i) | Optional Redemption Date(s): | [•] |
| | (ii) | Optional Redemption Amount: | [•] per Calculation Amount |
| | (iii) | Notice Period (if other than as set out in the Conditions): | [•] |
| 19. | Change of Control Put Option: | | [Applicable/Not Applicable] |
| | (a) | Change of Control Redemption Amount: | [•] per Calculation Amount |
| 20. | Final Redemption Amount: | | [•]/[Par] per Calculation Amount |

| | | |
|---|---|---|
| 21. | Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: | [Not Applicable/Final Redemption Amount/ [•]/[Par] per Calculation Amount] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 22. | Form of Notes: | Bearer Notes:<br><br>[Temporary Global Note exchangeable on and after the Exchange Date for a permanent Global Note which is exchangeable for Definitive Notes [on [•] days' notice/only upon an Exchange Event]]<br><br>[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]<br><br>[Permanent Global Note exchangeable for Definitive Notes [on [•] days' notice/only upon an Exchange Event]]<br><br>Registered Notes:<br><br>[Unrestricted Global Certificate (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]<br><br>[Restricted Global Certificate (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]<br><br>[Reg. S Compliance Category [1/2/3]; [Rule 144A;] TEFRA C/TEFRA D/TEFRA not applicable]] |
| 24. | Financial Centre(s) or other special provisions relating to payment dates: | [Not Applicable/[•]] |
| 25. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No] |
| 26. | Other terms or specified conditions: | [Not Applicable/*give details*] |

**SIGNED** on behalf of DP World Limited:

By: . . . . . .
Duly authorised

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

| | | |
|---|---|---|
| (i) | Listing and Admission to trading: | [The Notes to be issued are unlisted]/[•] |
| (ii) | Estimate of total expenses related to admission to trading: | [•]/[Not Applicable] |

2. **RATINGS**

| | |
|---|---|
| Ratings: | [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:<br><br>[Standard & Poor's: [•]]<br><br>[Moody's: [•]]<br><br>[Fitch: [•]]<br><br>[[Other]: [•]] |

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers]/[Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. **[YIELD (*Fixed Rate Notes only*)**

| | |
|---|---|
| Indication of yield: | [•] per cent. per annum on a [quarterly]/[semi-annual] basis |

5. **OPERATIONAL INFORMATION**

| | | |
|---|---|---|
| (i) | ISIN: | [•] |
| (ii) | Common Code: | [•] |
| (iii) | CUSIP: | [•] |
| (iv) | CINS: | [•] |
| (v) | Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): | [•]/[Not Applicable] |
| (vi) | Delivery: | Delivery [against/free of] payment |
| (vii) | Names and addresses of additional Paying Agent(s) (if any): | [•] |

| | | |
|---|---|---|
| (vii) | Name and address of Registrars: | [•] |

6. **DISTRIBUTION**

| | | |
|---|---|---|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable/*give names*] |
| (iii) | Stabilising Managers(s) (if any): | [Not Applicable/*give names*] |
| (iv) | If non-syndicated, names of Dealer: | [Not Applicable/*give name*] |
| (v) | Additional Selling Restrictions: | [Not Applicable/*give details*] |

7. **THIRD PARTY INFORMATION**

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•] no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

# TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the "**Conditions**") that, subject to completion and as supplemented in accordance with the provisions of Part A of the applicable Final Terms (or, in the case of Non-PD Notes, the applicable Pricing Supplement (each as defined below)) and, save for the text in italics, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either: (i) the full text of these Conditions together with the relevant provisions of Part A of the Final Terms (or, in the case of Non-PD Notes, the applicable Pricing Supplement); or (ii) these Conditions as so completed or supplemented (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms (or, in the case of Non-PD Notes, the applicable Pricing Supplement). Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. For so long as the Notes are represented by Global Notes and/or Global Certificates, these Conditions shall be as modified by the terms of the relevant Global Note or Global Certificate. Please see "Summary of Provisions relating to the Notes while in Global Form".*

*In the case of a Tranche of Notes which will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer ("**Non-PD Notes**") and, accordingly, no base prospectus will be required to be produced in accordance with Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"), a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Tranche of Non-PD Notes.*

DP World Limited (the "**Issuer**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$5,000,000,000 (or its equivalent in other currencies) in aggregate principal amount of notes outstanding at any time (the "**Notes**").

The Notes issued by the Issuer are constituted by an amended and restated Trust Deed (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 13 April 2015 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 13 April 2015 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Euro Registrar**" and the "**U.S. Registrar**" (together, the "**Registrars**" and each a "**Registrar**"), the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**".

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

References herein to "**Issuing and Principal Paying Agent**", "**Calculation Agent**" and "**Registrar**" shall be deemed to be respectively to the Issuing and Principal Paying Agent, Calculation Agent and the Registrars so appointed and references to any Paying Agent shall be to the Issuing and Principal Paying Agent. The relevant Issuing and Principal Paying Agent, Calculation Agent and the Registrars will be specified in the

applicable Final Terms (as defined in the Trust Deed) or Pricing Supplement (as defined in the Trust Deed), as applicable.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

## 1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) as specified in the applicable Final Terms, provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and: (i) in case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; and (ii) in the case of any Notes to be sold in the United States to QIBs the minimum specified denomination shall be U.S.$200,000 (or its equivalent in other currencies).

As used in these Conditions:

"**FSMA**" means the Financial Services and Markets Act 2000, as amended;

"**QIBs**" means qualified institutional buyers as defined in Rule 144A under the Securities Act;

"**Rule 144A**" means Rule 144A under the Securities Act; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Instalment Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis and Redemption/Payment Basis specified in the applicable Final Terms (or Pricing Supplement, as applicable).

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes, the Receipts, the Coupons and the Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the relevant register that the Issuer shall procure to be kept by the relevant Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it, or the person in whose name a Registered Note is registered, "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon, or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them

herein and in the applicable Final Terms (or Pricing Supplement, as applicable), the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2. No Exchange of Notes and Transfers of Registered Notes

(a) ***No Exchange of Notes***

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of any Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Registers will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrars and the Trustee. A copy of the current regulations will be made available by the Registrars to any Noteholder upon request.

(c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)(iii)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the relevant Registrar (as the case may be).

(e) ***Transfer-Free of Charge***

Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered: (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note; (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d); (iii) after any such Note has been called for redemption; or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)).

## 3. Status of the Notes

The Notes and the Receipts and Coupons relating to them constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes, the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and other monetary obligations of the Issuer, present and future.

## 4. Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, Relevant Sukuk Obligation, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

"**Excluded Subsidiary**" means any Subsidiary of the Issuer:

(i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets); and

(ii) whose indebtedness for borrowed money in respect of the financing of such ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets) is subject to no recourse (other than any Permitted Recourse) to the Issuer or any of its Subsidiaries (other than another Excluded Subsidiary) in respect of the repayment thereof;

"**Permitted Recourse**" means recourse to the Issuer or any of its Subsidiaries in respect of any financing or refinancing of all or part of the costs of the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets), so long as the terms of such recourse are restricted such that:

(i) it shall be released following completion of the development or construction of the relevant asset (or group of related assets) to the satisfaction of the holders of such indebtedness; or

(ii) it is limited to:

(1) an agreed cash amount, and may only be enforced in the event that the development or construction of such project or asset (or group of related assets) cannot be completed or is subject to cost overruns or delays; or

(2) the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such project or asset (or group of related assets); or

(3) shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary; or

(4) an agreement by the Issuer or any of its Subsidiaries not to dispose of any or all of such shares, securities or other instruments as are referred to in sub-paragraph (3); or

(5) an agreement by the Issuer or any of its Subsidiaries to subordinate its rights in respect of such shares, securities or other instruments for the benefit of the holders of indebtedness incurred by an Excluded Subsidiary; or

(6) recourse in respect of any policy of insurance (or similar instrument, but for the avoidance of doubt not including any financial guarantee) which may be granted by the Issuer or any of its Subsidiaries (other than an Excluded Subsidiary) for the benefit of an Excluded Subsidiary;

"**Permitted Security Interest**" means:

(i) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Notes;

(ii) any Security Interest securing Relevant Indebtedness or Relevant Sukuk Obligation of a person and/or its subsidiaries existing at the time that such person is merged into, or consolidated with, the Issuer or any of its Subsidiaries, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer or any of its Subsidiaries;

(iii) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer or any of its Subsidiaries and not created in contemplation of such acquisition;

(iv) any renewal of or substitution for any Security Interest permitted by any of paragraphs (i) to (iii) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets); or

(v) any Security Interest in respect of any Relevant Indebtedness or Relevant Sukuk Obligation not otherwise permitted under any other paragraph of this definition, provided that the aggregate outstanding amount secured thereby shall not at any time exceed an amount equal to 10 per cent. of Total Assets of the Issuer;

"**Project Financing Indebtedness**" means any indebtedness incurred in connection with the financing or refinancing (including any such financing or refinancing which is intended to be in compliance with the principles of *Shari'a*) of all or part of the costs of the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets), provided that the principal source of payment or repayment of such indebtedness is: (i) the project or asset (or group of related assets) so financed or refinanced and/or the revenues or cashflows derived from such project or asset; or (ii) the assets and undertaking of an Excluded Subsidiary and/or shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary and provided further that the person or persons to whom any such indebtedness is or may be owed by the relevant obligor has no recourse (other than Permitted Recourse) to the Issuer or any Subsidiary;

"**Relevant Indebtedness**" means any indebtedness (other than: (i) Project Financing Indebtedness; and (ii) Securitisation Indebtedness) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Relevant Sukuk Obligation**" means any present or future undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind, which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Securitisation**" means any securitisation (Islamic or otherwise) of existing or future assets and/or revenues, provided that: (i) any Security Interest given by the Issuer or any Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Issuer or any Subsidiary in respect of any default by any person under the securitisation;

"**Securitisation Indebtedness**" means any indebtedness incurred in connection with Securitisation;

"**Subsidiary**" means, at any particular time, any company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the Issuer. For a company to be "**controlled**" by the Issuer means that the Issuer (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls, or has the power to control, the affairs and policies of that company; and

"**Total Assets**" means at any time: (i) in relation to the Issuer, the consolidated total assets of the Issuer, calculated by reference to the then latest audited consolidated financial statements of the Issuer; (ii) in relation to any Subsidiary, the total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) of such Subsidiary calculated by reference to the then latest financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary, provided that for this purpose, in calculating the amount of the total assets of any Subsidiary of the Issuer, any receivables due from the Issuer or any other Subsidiary shall be excluded and provided further that if at any time the relevant financial statements do not include a line item for "total assets", the relevant amount shall be that which the Issuer determines (after consultation with its external auditors) to be the amount of the relevant total assets (consolidated or, as the case may be, unconsolidated) in accordance with the accounting principles used in preparation of the then latest consolidated financial statements.

## 5. Interest and Other Calculations

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) ***Interest on Floating Rate Notes***

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment

Date(s) is/are either specified in the applicable Final Terms (or Pricing Supplement, as applicable) as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms (or Pricing Supplement, as applicable) and the provisions below relating to any one or more of ISDA Determination, Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms (or Pricing Supplement, as applicable);

(y) the Designated Maturity is a period specified in the applicable Final Terms (or Pricing Supplement, as applicable); and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the applicable Final Terms or Pricing Supplement, as applicable) as at either 11.00 a.m. (London time in the case of LIBOR, LIBID or LIMEAN or Brussels time in the case of EURIBOR) (the "**Specified Time**") on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the Specified Time, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, LIBID or LIMEAN the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, LIBID or LIMEAN the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, LIBID or

LIMEAN the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided that, if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (i) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (ii) in relation to ISDA Determination, the Designated Maturity.

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused or payment on the due date is improperly withheld or not made. In such event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to and including the Relevant Date (as defined in Condition 8).

(e) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

(i) If any Margin is specified in the applicable Final Terms (or Pricing Supplement, as applicable) (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with paragraph (b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the sub-paragraph (ii).

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Final Terms (or Pricing Supplement, as applicable), then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(f) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable), and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts and Instalment Amounts***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any other determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Change of Control Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Change of Control Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, the Registrar, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under

Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of: (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**"or "**Bond Basis**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case $D_2$ will be 30

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**$Y_1$**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**$Y_2$**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$M_1$**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**$M_2$**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case $D_2$ will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable),

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is so specified, the Interest Payment Date(s);

"**Eurozone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Instalment Amount**" means the amount (if any) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Instalment Date**" means the amount (if any) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable), shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Reference Banks**" means, in the case of a determination of LIBOR, LIBID or LIMEAN, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent;

"**Reference Rate**" means the rate specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) (or any successor or replacement page, section, caption, column or other part of a particular information source);

"**Specified Currency**" means the currency specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(i) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms (or Pricing Supplement, as applicable) and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the

Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6. Redemption, Purchase and Options**

(a) ***Redemption by Instalments and Final Redemption***

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the relevant Instalment Amount each as specified in the applicable Final Terms (or Pricing Supplement, as applicable). The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms (or Pricing Supplement, as applicable) at its Final Redemption Amount (which, unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable), is its nominal amount) or, in the case of a Note falling within sub-paragraph (i), its final Instalment Amount.

(b) ***Early Redemption***

(i) *Zero Coupon Notes*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 shall be an amount (the "**Amortised Face Amount** calculated as provided below unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(B) Subject to the provisions of sub-paragraph (C), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms (or Pricing Supplement, as applicable), shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity

Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i)), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued to the date fixed for redemption), if: (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the relevant Tax Jurisdiction or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of the laws or regulations of the relevant Tax Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the obligation referred to in (i) cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) in which event it shall be conclusive and binding on Noteholders and Couponholders.

For the purpose of these Conditions, the "**relevant Tax Jurisdiction**" means each of the United Arab Emirates, the Emirate of Dubai and the Dubai International Financial Centre.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice, or such other notice period as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified in the applicable Final Terms (or Pricing Supplement, as applicable). Any such redemption of Notes shall be at the Optional Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) (which may be the Early Redemption Amount (as described in Condition 6(b)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount (if any) to be redeemed specified in the applicable Final Terms (or Pricing Supplement, as applicable) and no greater than the Maximum Redemption Amount (if any) to be redeemed specified in the applicable Final Terms (or Pricing Supplement, as applicable).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) ***Redemption at the Option of Noteholders***

(i) If Put Option is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice, or such other notice period as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) to the Issuer, redeem such Note on the Optional Redemption Date(s) specified in the applicable Final Terms (or Pricing Supplement, as applicable) at its Optional Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) (which may be the Early Redemption Amount (as described in Condition 6(b)) together (if applicable) with interest accrued to the date fixed for redemption.

(ii) If Change of Control Put Option is specified as applicable in the applicable Final Terms (or Pricing Supplement, as applicable) and if a Change of Control Event occurs, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving notice to the Issuer at any time during the Put Period, redeem such Note on the Put Date at its Change of Control Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) together (if applicable) with interest accrued to but excluding the Put Date.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall, and, at any time following the occurrence of a Change of Control Event, the Trustee, if so requested by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall, give notice to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Event.

For the purpose of this paragraph (ii):

a "**Change of Control Event**" will occur if at any time the Government of Dubai ceases to own, directly or indirectly, at least 50 per cent. of the issued share capital of the Issuer or otherwise ceases to control, directly or indirectly, DP World. For the purpose of this Condition, the Government of Dubai will be deemed to "**control**" DP World if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of DP World or otherwise controls, or has the power to control, the affairs and policies of DP World;

"**Put Date**" means, in respect of any Put Period, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with Condition 6(e)(iii); and

"**Put Period**" means, in relation to any Change of Control Event, the period from and including the date on which a Change of Control Event occurs (whether or not the Issuer or the Trustee has given the notice referred to in the second paragraph of this Condition 6(e)(ii) in respect of such event) to and including the date falling 60 days after the date on which any such notice is given, provided that if no such notice is given, the Put Period shall not terminate.

The Trustee is under no obligation to ascertain whether a Change of Control Event or any event which could lead to the occurrence of or could constitute a Change of Control Event has

occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event or other such event has occurred.

(iii) To exercise any option pursuant to sub-paragraph (i) or (ii), the Noteholder must deposit (in the case of a Bearer Note) such Note(s) (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of a Registered Note) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the relevant period. No Note, Receipt, Coupon or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) ***Purchases***

The Issuer and any Subsidiary may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes so purchased, while held by or on behalf of the Issuer or any Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating the quorum at any meeting of Noteholders or for the purposes of Conditions 10, 11(a) and 12.

(g) ***Cancellation***

All Notes purchased by or on behalf of the Issuer or any Subsidiary may be surrendered for cancellation, in the case of a Bearer Note by surrendering such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of a Registered Note, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**7. Payments and Talons**

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender or, in the case of part payment of any sum due, endorsement, of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. For the purpose of this Condition 7 "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes:***

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender or, in the case of part payment of any sum due, endorsement, of the relevant Certificates at the specified office of any of the Transfer Agents or of any Registrar and in the manner provided in paragraph (ii).

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the relevant Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the relevant Register. Upon application by the holder to the specified office of any Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if: (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due; (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) ***Payments subject to fiscal laws***

Payments will be subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain: (i) an Issuing and Paying Agent; (ii) a Registrar in relation to Registered Notes; (iii) a Transfer Agent in relation to Registered Notes; (iv) one or more Calculation Agent(s) where the Conditions so require; (v) Paying Agents having specified offices in at least two major European cities; (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee; and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) ***Unmatured Coupons and Receipts and unexchanged Talons***

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may reasonably require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) ***Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Final Terms (or Pricing Supplement, as applicable) and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign

exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the relevant Tax Jurisdiction (which expression shall take the same meaning for the purposes of this Condition 8 as it takes for the purposes of Condition 6) or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) ***Other connection***

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the relevant Tax Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or

(b) ***Presentation/surrender more than 30 days after the Relevant Date***

presented or (if applicable) surrendered (or (if applicable) in respect of which the relevant Certificate is presented or (if applicable) surrendered) for payment more than 30 days after the Relevant Date (defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting or, as the case may be, surrendering it for payment on such thirtieth day; or

(c) ***Payment to individuals***

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/EC; or

(d) ***Payment by another Paying Agent***

presented or (if applicable) surrendered (or (if applicable) in respect of which the relevant Certificate is presented or (if applicable) surrendered) for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting or, as the case may be, surrendering the relevant Note, Receipt or Coupon (or (if applicable) the relevant Certificate) to another Paying Agent in a Member State of the European Union.

Notwithstanding anything to the contrary in these Conditions, the Issuer, any paying agent and any other person shall be permitted to withhold and deduct, and shall not be required to pay any additional amounts with respect to, any withholding or deduction imposed on or with respect to any Note pursuant to Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made

or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation or, as the case may be, surrender of the Note, Receipt or Coupon (or (if applicable) the relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts (except as provided in Condition 7(a)), Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amount, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall (except as provided in Condition 7(a)) be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10. Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) ***Non-Payment***: default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal, as the case may be, in respect of any of the Notes; or

(b) ***Breach of Other Obligations***: the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

(c) ***Cross-Acceleration***: (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, save in each case where the liability in respect of the relevant indebtedness, guarantee or indemnity is being contested by the Issuer or such Material Subsidiary, as the case may be, in good faith and by all appropriate means and provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.$50,000,000 or its equivalent (as determined by the Trustee on the basis of the middle spot rate for the relevant currency against the U.S. dollar as determined by any leading bank on the day on which this paragraph falls to be applied); or

(d) ***Enforcement Proceedings***: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or (in the opinion of the Trustee) a material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged, withdrawn or stayed within 60 days; or

(e) ***Security Enforced***: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in respect of all or (in the opinion of the Trustee) a material part of the property, assets or revenues of the Issuer or such Material Subsidiary, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person); or

(f) ***Insolvency***: the Issuer or any of its Material Subsidiaries is (or is deemed by a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee) a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer or any of its Material Subsidiaries; or

(g) ***Winding-up***: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries or the Issuer or any of its Material Subsidiaries ceases or threatens to cease, or is required to cease, to carry on all or (in the opinion of the Trustee) substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in another Subsidiary or

(h) ***Authorisation and Consents***: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with their respective obligations under the Notes, the Trust Deed; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of the United Arab Emirates or the Emirate of Dubai, is not taken, fulfilled or done; or

(i) ***Illegality***: it is or will become unlawful for the Issuer to perform or comply with any one or more of their respective obligations under any of the Notes or the Trust Deed; or

(j) ***Analogous Events***: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that (other than in the case of paragraphs (a) and (c), paragraph (f) and paragraph (g) (to the extent it relates to the winding up or dissolution of the Issuer)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition,

"**EBITDA**" means, in respect of any period, profit in respect of such period, plus; (i) finance costs (net of interest income); (ii) income tax (if any); and (iii) depreciation and amortisation, in each case in respect of such period and at any time; (a) in relation to the Issuer, shall be calculated by reference to the relevant amounts shown in the then latest audited consolidated financial statements of the Issuer; and (b) in relation to any Subsidiary, shall be calculated by reference to the relevant amounts (consolidated in the case of a Subsidiary which itself has subsidiaries) shown in the then latest financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary; and

"**Material Subsidiary**" means any Subsidiary:

(i) whose EBITDA (consolidated in the case of a Subsidiary which itself has subsidiaries) or whose Total Assets (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 10 per cent. of the consolidated EBITDA of the Issuer, or, as the case may be, the consolidated Total Assets of the Issuer, as the case may be; and/or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon; (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary; and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i),

provided that if any acquisition or disposal has occurred after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, in applying each of the above tests the reference in the relevant defined terms to the latest audited consolidated financial statements shall be deemed to be a reference to such audited consolidated financial statements as if the relevant acquisition or disposal had been reflected in such audited consolidated financial statements by reference (where applicable) to any relevant Subsidiary's then latest relevant financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries), adjusted as set out in the immediately following paragraph.

A report by two duly authorised officers of the Issuer, that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

## 11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) ***Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*; (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes; (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes; (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes; (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Final Terms (or Pricing Supplement, as applicable), to reduce any such Minimum and/or Maximum; (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Change of Control Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; or (viii) to change the governing law of the Notes, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution may be in writing signed by or on behalf of the Noteholders holding not less than 90 per cent. in nominal amount of the Notes outstanding (a "**Written Resolution**"). Such Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Further, the Trust Deed

provides that, where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Trustee (as the case may be) may be given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Issuing and Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s) by or on behalf of the holders of not less that 90 per cent. in nominal amount of the Notes then outstanding (an "**Electronic Consent**"). Any Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution and will be binding on all Noteholders and holders of Coupons, Receipts and Talons, whether or not they participated in such Written Resolution or Electronic Consent.

(b) ***Modification of the Trust Deed and Waiver***

The Trustee may, without the consent of the Noteholders or Couponholders; (i) agree to any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed; and (iii) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if in the case of (ii) and (iii), in the opinion of the Trustee, it is not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified by the Issuer to the Noteholders as soon as practicable.

(c) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business (as defined in the Trust Deed) or any subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, or of any previously substituted company under the Trust Deed, and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons, the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless; (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding; and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## 14. Replacement of Notes, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificate, Receipts, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificate, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

## 16. Notices

Notices to the holders of Registered Notes shall be mailed to them (or, in the case of joint holders, to the first named) at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice will be deemed to have been given on the first date of such publication. Notices to holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the "**Financial Times**"). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner that complies with any other relevant rules of any stock exchange or other relevant authority on which the Notes are for the time being or by which they have for the time being admitted to trading.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

## 17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 18. Governing Law and Jurisdiction

(a) ***Governing Law***

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, shall be governed by, and shall be construed in accordance with, English law.

(b) ***Arbitration***

Without limiting the rights of the Noteholders under Condition 18(c), any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Trust Deed, the Notes, the Receipts, the Coupons and the Talons (including any dispute regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (a "**Dispute**")) shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("**LCIA**") Rules (the "**Rules**"), which rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 18(b). For these purposes:

(i) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party to the Dispute and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA;

(ii) the seat of arbitration shall be London, England; and

(iii) the language of the arbitration shall be English.

(c) ***Jurisdiction***

Notwithstanding Condition 18(b), the Trustee (or, but only where permitted to take action in accordance with the terms of the Trust Deed, any Noteholder) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer require that a dispute be heard by the courts of England.

If the Trustee (or any Noteholder) gives such notice, the Dispute to which such notice refers shall be determined in accordance with this Condition 18(c) and, subject as provided below, any arbitration commenced under Condition 18(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Trustee (or the relevant Noteholder) must also within 28 days of service of a Request for Arbitration give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

If notice is delivered to the Issuer in accordance with this Condition 18(c), the courts of England are to have jurisdiction to settle any such dispute and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons in respect of Notes ("**Proceedings**") may be brought in such courts.

The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum.

This Condition 18(c) is for the benefit of the Trustee, for and on behalf of the Noteholders and the Couponholders, only. As a result, and notwithstanding the remainder of this Condition 18(c), the Trustee may bring Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

(d) ***Service of Process***

The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(e) ***Waiver***

The Issuer irrevocably agrees that, should any Proceedings be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes or the Trust Deed. Notwithstanding the foregoing, the Issuer makes no representation as to whether Dubai Law No. 10 of 2005 (*Government Lawsuits Amendment*) and/or Article 247 of Federal Law No. 11 of 1992 regarding the Law of Civil Procedures will apply to its assets, revenue or property.

(f) ***Consent***

The Issuer irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings.

# USE OF PROCEEDS

The Issuer will apply the net proceeds from the issue of each Tranche of Notes for general corporate purposes, including the refinancing of any indebtedness.

# CAPITALISATION

The following table shows bank balances and cash, current financial indebtedness and the capitalisation of the Group (equal to total non-current financial indebtedness plus shareholders' equity) as at 31 December 2014 extracted without material adjustment from the DPW Financial Statements. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*" for more information on the financial impact of the Acquisition.

| | **As at 31 December 2014** |
|---|---|
| | *(Audited) (U.S. dollars in thousands)* |
| **Bank balances and cash** | 3,723,073 |
| **Current financial indebtedness:** | |
| Current bank debt | 250,130 |
| Other current financial debt | 1,200 |
| **Total current financial indebtedness** | 251,330 |
| **Non-current financial indebtedness:** | |
| Non-current bank debt | 2,352,334 |
| Bonds issued | 3,241,454 |
| Other non-current financial indebtedness | 9,870 |
| **Non-current financial indebtedness** | 5,603,658 |
| **Equity:** | |
| Shareholders' reserve | 2,000,000 |
| Retained earnings | 3,918,177 |
| Other equity | 2,579,221 |
| Non-controlling interests | 529,262 |
| **Total equity** | 9,026,660 |
| **Total capitalisation** | 14,630,318 |

There has been no material change in the capitalisation of the Group since 31 December 2014, other than the Acquisition. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*" and "*Description of the EZW Group*".

# SELECTED FINANCIAL INFORMATION OF THE GROUP

*The selected consolidated financial data of the Group: (i) as of and for the year ended 31 December 2014 have been derived from the DPW 2014 Financial Statements; and (ii) as of and for the years ended 31 December 2013 and 2012 have been derived from the DPW 2013 Financial Statements, in each case appearing elsewhere in this Base Prospectus. See "Presentation of Certain Financial and Other Information".*

*The selected consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the DPW Financial Statements. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.*

## Consolidated statement of profit and loss

| | Year ended 31 December | | | Year ended 31 December | | | Year ended 31 December | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 (Restated)[1] | | | 2013 | | | 2014 | | |
| | Before separately disclosed items | Separately disclosed items[2] | Total | Before separately disclosed items | Separately disclosed items[2] | Total | Before separately disclosed items | Separately disclosed items[2] | Total |
| | *(Audited) (U.S. dollars in thousands)* | | | | | | | | |
| **Income Statement Data:** | | | | | | | | | |
| Revenue | 3,121,017 | – | 3,121,017 | 3,073,248 | – | 3,073,248 | 3,411,014 | 52,337 | 3,463,351 |
| Cost of sales | (2,003,318) | – | (2,003,318) | (1,849,087) | – | (1,849,087) | (1,958,295) | (52,337) | (2,010,632) |
| **Gross profit** | 1,117,699 | – | 1,117,699 | 1,224,161 | – | 1,224,161 | 1,452,719 | – | 1,452,719 |
| General and administrative expenses | (279,459) | (55,850) | (335,309) | (311,243) | (101,433) | (412,676) | (385,878) | (19,400) | (405,278) |
| Other income | 21,643 | – | 21,643 | 21,458 | – | 21,458 | 22,363 | 9,153 | 31,516 |
| Profit on sale and termination of business | – | 237,204 | 237,204 | – | 158,188 | 158,188 | – | – | – |
| Share of profit/(loss) from equity accounted investees (net of tax) | 133,897 | 20,710 | 154,607 | 84,366 | (4,305) | 80,061 | 77,961 | (1,754) | 76,207 |
| **Results from operating activities** | 993,780 | 202,064 | 1,195,844 | 1,018,742 | 52,450 | 1,071,192 | 1,167,165 | (12,001) | 1,155,164 |
| Finance income | 75,211 | – | 75,211 | 84,493 | – | 84,493 | 89,765 | 1,582 | 91,347 |
| Finance costs | (371,229) | (10,373) | (381,602) | (369,439) | – | (369,439) | (372,841) | (4,122) | (376,963) |
| **Net finance costs** | (296,018) | (10,373) | (306,391) | (284,946) | – | (284,946) | (283,076) | (2,540) | (285,616) |
| **Profit before tax** | 697,762 | 191,691 | 889,453 | 733,796 | 52,450 | 786,246 | 884,089 | (14,541) | 869,548 |
| Income tax expense | (72,954) | – | (72,954) | (59,558) | (4,900) | (64,458) | (127,418) | 40,000 | (87,418) |
| **Profit for the year** | 624,808 | 191,691 | 816,499 | 674,238 | 47,550 | 721,788 | 756,671 | 25,459 | 782,130 |
| **Profit attributable to:** | | | | | | | | | |
| Owners of the Company | 545,182 | 193,216 | 738,398 | 604,421 | 35,215 | 639,636 | 675,430 | 25,143 | 700,573 |
| Non-controlling interest | 79,626 | (1,525) | 78,101 | 69,817 | 12,335 | 82,152 | 81,241 | 316 | 81,557 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) SDIs represent those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, the Group believes merit separate presentation in order to more effectively present the Group's financial performance for a period, compare its financial performance with prior periods and assess trends in its financial performance. For further information regarding SDIs, see Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements and Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements.

| | Year ended 31 December 2012 (Restated)[1] | | Year ended 31 December 2013 | | Year ended 31 December 2014 | |
|---|---|---|---|---|---|---|
| | Revenue | Profit after tax | Revenue | Profit after tax | Revenue | Profit after tax |
| | | | *(Audited)* *(U.S. dollars in thousands)* | | | |
| **Income Statement Data by Segment (before separately disclosed items):** | | | | | | |
| Middle East, Europe and Africa | 2,111,688 | 782,933 | 2,123,848 | 858,398 | 2,386,049 | 983,721 |
| Australia and Americas | 552,751 | 88,512 | 594,183 | 120,340 | 628,312 | 148,617 |
| Asia-Pacific and Indian subcontinent | 456,578 | 208,762 | 355,217 | 140,857 | 396,653 | 185,924 |
| | 3,121,017 | 1,080,907 | 3,073,248 | 1,119,595 | 3,411,014 | 1,318,262 |
| Head office | – | (455,399) | – | (445,357) | – | (561,591) |
| **Total** | 3,121,017 | 624,808 | 3,073,248 | 674,238 | 3,411,014 | 756,671 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

**Consolidated statement of financial position**

| | As at 31 December | | |
|---|---|---|---|
| | 2012 Restated[1] | 2013 | 2014 |
| | | *(Audited)* *(U.S. dollars in thousands)* | |
| **Consolidated Balance Sheet Data:** | | | |
| **Non-current assets** | 13,792,566 | 13,455,633 | 13,382,448 |
| **Current assets** | | | |
| Bank balances and cash | 1,881,928 | 2,572,470 | 3,723,073 |
| Other current assets[2] | 662,705 | 732,411 | 799,220 |
| **Total current assets** | 2,544,633 | 3,304,881 | 4,522,293 |
| **Total assets** | 16,337,199 | 16,760,514 | 17,904,741 |
| **Equity** | 8,780,407 | 9,021,541 | 9,026,660 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 4,049,621 | 4,776,690 | 5,603,658 |
| Other non-current liabilities[3] | 1,751,638 | 1,448,350 | 1,720,402 |
| **Total non-current liabilities** | 5,801,259 | 6,225,040 | 7,324,060 |
| **Current liabilities** | | | |
| Accounts payable and accruals | 854,072 | 1,033,784 | 1,130,021 |
| Loans and borrowings | 702,835 | 258,327 | 251,330 |
| Other current liabilities[4] | 198,626 | 221,822 | 172,670 |
| **Total current liabilities** | 1,755,533 | 1,513,933 | 1,554,021 |
| **Total liabilities** | 7,556,792 | 7,738,973 | 8,878,081 |
| **Total equity and liabilities** | 16,337,199 | 16,760,514 | 17,904,741 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) Other current assets includes inventories, accounts receivable and prepayments, and assets held for sale.

(3) Other non-current liabilities includes deferred tax liabilities, employees' end of service benefits, pension and post employment benefits, and other payables.

(4) Other current liabilities includes income tax liabilities, bank overdrafts, and pension and post employment benefits.

**Selected consolidated statement of cash flows**

| | Year ended 31 December 2012 (Restated)[1] | Year ended 31 December 2013 | Year ended 31 December 2014 |
|---|---|---|---|
| | *(Audited) (U.S. dollars in thousands)* | | |
| **Consolidated Cash Flow Data:** | | | |
| Net cash from operating activities | 1,231,345 | 1,211,733 | 1,354,215 |
| Net cash from/(used in) investing activities | 22,577 | (210,801) | (700,799) |
| Net cash from/(used in) financing activities | (3,544,842) | (304,314) | 527,854 |
| **Net increase/(decrease) in cash and cash equivalents** | (2,290,920) | 696,618 | 1,181,270 |
| Effect of exchange rate fluctuation on cashflow | 14,306 | (7,288) | (29,260) |
| Cash and cash equivalents at 1 January | 4,158,347 | 1,881,733 | 2,571,063 |
| **Cash and cash equivalents at 31 December** | 1,881,733 | 2,571,063 | 3,723,073 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

**Selected other operating and financial data**

| | Year ended 31 December 2012 (Restated)[1] | Year ended 31 December 2013 | Year ended 31 December 2014 |
|---|---|---|---|
| | *(Audited, except EBITDA and Adjusted EBITDA) (U.S. dollars in thousands)* | | |
| **Calculation of EBITDA and Adjusted EBITDA:** | | | |
| Profit after tax | 816,499 | 721,788 | 782,130 |
| Finance costs | 371,229 | 369,439 | 372,841 |
| Finance income | (75,211) | (84,493) | (89,765) |
| Tax expense | 72,954 | 59,558 | 127,418 |
| Depreciation and amortisation | 410,632 | 395,499 | 420,985 |
| **EBITDA**[2] | 1,596,103 | 1,461,791 | 1,613,609 |
| Separately disclosed items[3] | (191,691) | (47,550) | (25,459) |
| **Adjusted EBITDA**[4] | 1,404,412 | 1,414,241 | 1,588,150 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) EBITDA, a measure used by management to measure operating performance, is defined as profit after tax from continuing operations plus finance costs (net of finance income), income tax, depreciation and amortisation. EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*".

(3) See Note 12 (*Separately disclosed items*) to the DPW 2014 Financial Statements and Note 12 (*Separately disclosed items*) to the DPW 2013 Financial Statements.

(4) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*".

| | Year ended 31 December | | |
|---|---|---|---|
| | **2012 (Restated)[1]** | **2013** | **2014** |
| | *(Audited)* | | |
| | *(U.S. dollars in thousands)* | | |
| **Adjusted EBITDA[2] by Segment:** | | | |
| Middle East, Europe and Africa | 1,020,534 | 1,095,171 | 1,259,866 |
| Australia and Americas | 165,845 | 195,235 | 217,250 |
| Asia-Pacific and Indian subcontinent | 299,391 | 219,700 | 256,489 |
| Head office | (81,358) | (95,865) | (145,455) |
| **Total** | 1,404,412 | 1,414,241 | 1,588,150 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

(2) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*" and "*– Calculation of EBITDA and Adjusted EBITDA*" above.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2012** | **2013** | **2014** |
| | *(Unaudited, unless otherwise indicated)* | | |
| **Other Financial and Operating Data:** | | | |
| **Revenue (before separately disclosed items, in thousands of U.S.$)** | | | |
| Containerised/stevedoring revenue | 1,366,200 | 1,396,510 | 1,502,990 |
| Containerised/other revenue | 1,044,967 | 1,026,792 | 1,166,079 |
| Non containerised revenue | 709,850 | 649,946 | 741,945 |
| **Total revenue** | 3,121,017 | 3,073,248 | 3,411,014 |
| **Net Debt to Adjusted EBITDA[1]** | 2.04 | 1.74 | 1.34 |
| **Total throughput (in millions of TEU)** | | | |
| Middle East, Europe and Africa | 19,202 | 18,993 | 20,973 |
| Australia and Americas | 2,494 | 2,480 | 2,471 |
| Asia-Pacific and Indian subcontinent | 5,401 | 4,604 | 4,897 |
| **Total throughput** | 27,097 | 26,077 | 28,341 |

(1) Net debt to Adjusted EBITDA is calculated by dividing total debt minus cash and cash equivalents by Adjusted EBITDA.

# UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited *pro forma* condensed consolidated financial information, which comprises the unaudited *pro forma* condensed consolidated statement of financial position as of 31 December 2014 and the unaudited *pro forma* condensed consolidated income statement for the year ended 31 December 2014, has been prepared based on the assumptions described in the notes thereto and in compliance with the recognition and measurement principles of IFRS.

On 13 November 2014, the Company announced that it and its wholly-owned subsidiary, DP World FZE, had entered into an agreement in relation to the proposed acquisition of the EZW Group from PFZW and on 16 March 2015 the Acquisition closed for cash consideration of U.S.$2.6 billion (subject to certain adjustments). This was financed through cash from existing reserves of the Company and a U.S.$500 million draw-down on the Company's existing conventional and murabaha term and revolving loan facilities.

The unaudited *pro forma* condensed consolidated financial information has been prepared only and exclusively for illustrative purposes and in light of its hypothetical nature, it does not represent the actual asset and financial position, financial result, the balance sheet or the equity of the Company. Also, it does not form the basis for any forecasts, comparisons or budgets. It is not intended to be indicative of future results. The unaudited *pro forma* condensed consolidated financial information has been prepared on a basis consistent with the Company's accounting policies as set out in Note 4 (*Significant Accounting Policies*) to the DPW 2014 Financial Statements. All the financial information relating to the companies covered by the unaudited *pro forma* condensed consolidated financial information is based on the consolidated financial statements of the Company and of EZW for the year ended 31 December 2014, to which the adjustments were made as indicated below.

The unaudited *pro forma* condensed consolidated income statement gives effect to the Acquisition as if it had occurred on 1 January 2014. The unaudited *pro forma* condensed consolidated statement of financial position gives effect to the Acquisition as if it had occurred on 31 December 2014. The unaudited *pro forma* adjustments are described in the notes to each respective table.

The unaudited *pro forma* condensed consolidated financial information has been prepared based on the following:

- the DPW 2014 Financial Statements, presented in thousands of U.S. dollars, which have been prepared in accordance with IFRS; and
- the EZW Financial Statements, presented in UAE dirhams, which have been prepared in accordance with IFRS.

The unaudited *pro forma* condensed consolidated financial information should be read in conjunction with the relevant audited consolidated financial statements included elsewhere in this Base Prospectus.

The Acquisition is being accounted for using the acquisition method of accounting in accordance with IFRS 3 "Business combination" ("**IFRS 3**"). Under the acquisition method of accounting, the aggregate consideration paid is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values on the transaction date. Goodwill is measured as the excess, if any, of the sum of the consideration paid over the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date. In accordance with IFRS 3, the acquirer has up to twelve months following the acquisition to finalise the allocation of purchase price. The unaudited *pro forma* condensed consolidated financial information has been prepared based on the historical financial information of EZW, as adjusted only for certain related party loans, which were not acquired by the Group in the Acquisition. The Company is in the process of completing the purchase price adjustment process, which is being carried out by a third party consultant, to allocate the consideration paid to the fair value of assets acquired and liabilities assumed. The final allocation of consideration paid to assets acquired and liabilities assumed and the calculation/value of goodwill recognised may differ materially from the information presented in this unaudited pro forma condensed consolidated financial information.

No account has been taken within the unaudited *pro forma* condensed consolidated financial information of any future changes in accounting policies or any synergies (including cost savings), all of which may or may not occur as a result of the Acquisition. The adjustments made in order to present these unaudited *pro forma* condensed consolidated financial statements have been made based upon available information and assumptions that the Company believes are reasonable, that are directly attributable to the Acquisition and that are factually supportable. The unaudited *pro forma* condensed consolidated financial statements do not purport to present the Company's financial position or results of operations for any future period.

## Unaudited pro forma condensed consolidated statement of financial position as of 31 December 2014

| | DP World Group | EZW Group | Adjustments | | | | Pro forma |
|---|---|---|---|---|---|---|---|
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | Note 6 | |
| | | | *(U.S. dollars in thousands)* | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 6,356,160 | 2,713 | – | – | – | – | 6,358,873 |
| Goodwill | 1,448,194 | – | – | – | – | 299,783 | 1,747,977 |
| Port concession rights | 2,779,268 | – | – | – | – | – | 2,779,268 |
| Land use rights | – | 2,270,644 | – | – | – | – | 2,270,644 |
| Investment properties | – | 1,019,083 | – | – | – | – | 1,019,083 |
| Investments in equity accounted investees | 2,534,320 | 10,889 | – | – | – | – | 2,545,209 |
| Deferred tax assets | 169 | – | – | – | – | – | 169 |
| Other investments | 70,015 | – | – | – | – | – | 70,015 |
| Accounts receivable and prepayments | 194,322 | 92,325 | – | – | (91,965) | – | 194,682 |
| | 13,382,448 | 3,395,654 | – | – | (91,965) | 299,783 | 16,985,920 |
| **Current assets** | | | | | | | |
| Inventories | 58,277 | – | – | – | – | – | 58,277 |
| Accounts receivable and prepayments | 740,943 | 34,583 | – | – | (2,440) | – | 773,086 |
| Bank balances and cash | 3,723,073 | 506,752 | (2,600,000) | 500,000 | – | – | 2,129,825 |
| | 4,522,293 | 541,335 | (2,600,000) | 500,000 | (2,440) | – | 2,961,188 |
| **Total assets** | 17,904,741 | 3,936,989 | (2,600,000) | 500,000 | (94,405) | 299,783 | 19,947,108 |
| **Non-current liabilities** | | | | | | | |
| Deferred tax liabilities | 897,378 | – | – | – | – | – | 897,378 |
| Employees' end of service benefits | 74,127 | 7,526 | – | – | – | – | 81,653 |
| Pension and post-employment benefits | 210,683 | – | – | – | – | – | 210,683 |
| Interest bearing loans and borrowings | 5,603,658 | 1,151,708 | – | 500,000 | – | – | 7,255,366 |
| Accounts payable and accruals | 538,214 | 10,635 | – | – | – | – | 548,849 |
| | 7,324,060 | 1,169,869 | – | 500,000 | – | – | 8,993,929 |
| **Current liabilities** | | | | | | | |
| Income tax liabilities | 162,495 | 35 | – | – | – | – | 162,530 |
| Pension and post-employment benefits | 10,175 | – | – | – | – | – | 10,175 |
| Interest bearing loans and borrowings | 251,330 | 56,742 | – | – | – | – | 308,072 |
| Accounts payable and accruals | 1,130,021 | 315,721 | – | – | – | – | 1,445,742 |
| | 1,554,021 | 372,498 | – | – | – | – | 1,926,519 |
| **Total liabilities** | 8,878,081 | 1,542,367 | – | 500,000 | – | – | 10,920,448 |
| **Net assets** | 9,026,660 | 2,394,622 | (2,600,000) | – | (94,405) | 299,783 | 9,026,660 |
| **Net debt**(Note 7) | 2,131,915 | 701,698 | 2,600,000 | – | – | – | 5,433,613 |

(1) The net assets of the Group as at 31 December 2014 have been extracted without adjustment from its audited financial statements for the year ended 31 December 2014.

(2) The net assets of EZW Group to be acquired have been extracted without adjustment from the statement of financial position of EZW Group as at 31 December 2014. The statement of financial position of EZW Group as at 31 December 2014 has been converted from AED to U.S. dollars at a rate of AED 3.6725 = U.S.$1.00, being the prevailing rate at that date.

(3) The adjustment in note 3 reflects the purchase consideration of the Acquisition which was paid on 16 March 2015. The initial consideration to be received by PFZW under the terms of the sale and purchase agreement is U.S.$2,600 million (subject to certain adjustments), which was paid in cash from existing reserves of the Company and its borrowings under conventional and murabaha term and revolving loan facilities (see note 4 below).

(4) The adjustment in note 4 reflects the draw-down of U.S.$500 million on the Company's existing conventional and murabaha term and revolving loan facilities on 12 March 2015.

(5) The adjustment in note 5 represents assets and liabilities of EZW Group as at 31 December 2014 which were not acquired by the Group in the Acquisition. They comprise related party loans receivable of U.S.$26 million and a receivable in respect of the sale of a subsidiary of U.S.$68 million.

(6) The goodwill amount disclosed of U.S.$299.8 million is calculated as the cash purchase consideration of U.S.$2,600 million less the adjusted net assets acquired of U.S.$2,300.2 million. Adjusted net assets acquired have been calculated as the net assets of the EZW Group as at 31 December 2014 of U.S.$2,394.6 million less assets and liabilities of the EZW Group not to be acquired by the Group of U.S.$94.4 million as stated in note 5 above. The calculation of goodwill does not reflect the purchase price adjustments required by IFRS. The Company is in the process of completing the purchase price adjustment process, which is being carried out by a third party consultant, to allocate the consideration paid to the fair value of assets acquired and liabilities assumed. The final allocation of consideration paid to assets acquired and liabilities assumed and the calculation/value of goodwill recognised may differ materially from the information presented in this unaudited pro forma condensed consolidated financial information.

(7) Net debt of the Group at 31 December 2014 as extracted without adjustment from Note 19 (*Bank balances and cash*) and Note 27 (*Loans and borrowings*) to the DPW 2014 Financial Statements and calculated as follows:

| | **As at 31 December 2014** |
|---|---|
| | *(Audited)* |
| | *(U.S. dollars in thousands)* |
| Interest bearing loans and borrowings | 5,854,988 |
| Cash and cash equivalents | (3,723,073) |
| **Net debt** | 2,131,915 |

Net debt of EZW Group at 31 December 2014 as extracted without adjustment from the EZW Financial Statements and calculated as follows:

| | **As at 31 December 2014** |
|---|---|
| | *(Audited)* |
| | *(U.S. dollars in thousands)* |
| Interest bearing loans and borrowings | 1,208,450 |
| Cash and cash equivalents | (506,752) |
| **Net debt** | 701,698 |

The *pro forma* adjustments in note 3 and note 4 above have been reflected in calculation of *pro forma* net debt. No adjustment has been made to reflect the trading results of the Group or the EZW Group since 31 December 2014 or any other change in their financial positions in these periods.

**Unaudited pro forma condensed consolidated income statement for the year ended 31 December 2014**

| | DP World Group | EZW Group | Adjustments | | | Adjusted enlarged Group |
|---|---|---|---|---|---|---|
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | |
| | *(U.S. dollars in thousands)* | | | | | |
| **Revenue** | 3,463,351 | 477,575 | – | – | – | 3,940,926 |
| Cost of sales | (2,010,632) | (97,634) | 325 | – | – | (2,107,941) |
| **Gross profit** | 1,452,719 | 379,940 | 325 | – | – | 1,832,984 |
| General and administrative expenses | (405,278) | (67,265) | 11,736 | (5,777) | – | (466,584) |
| Other income | 31,516 | 29,465 | (325) | – | – | 60,656 |
| Share of profit from equity accounted investees (net of tax) | 76,207 | 1,233 | – | – | – | 77,440 |
| **Results from operating activities** | 1,155,164 | 343,373 | 11,736 | (5,777) | – | 1,504,496 |
| Finance income | 91,347 | 19,354 | (11,736) | (5,187) | – | 93,778 |
| Finance costs | (376,963) | (86,334) | – | – | (6,589) | (469,886) |
| **Net finance costs** | (285,616) | (66,980) | (11,736) | (5,187) | (6,589) | (376,108) |
| **Profit before tax** | 869,548 | 276,392 | – | (10,964) | (6,589) | 1,128,388 |
| Income tax expense | (87,418) | (121) | – | | | (87,539) |
| **Profit for the year** | 782,130 | 276,271 | – | (10,964) | (6,589) | 1,040,849 |
| **Adjusted EBITDA** | 1,588,150 | 393,725 | 11,736 | – | – | 1,993,611 |

(1) The income statement of the Group for the year ended 31 December 2014 has been extracted without adjustment from the DPW 2014 Financial Statements.

(2) The income statement of the EZW Group has been extracted without adjustment from the income statement of the EZW Group for the year ended 31 December 2014. The income statement of the EZW Group for the year ended 31 December 2014 has been converted from AED to U.S.$ at a rate of AED 3.6725 = U.S$1.00, being the average prevailing rate for the year ended 31 December 2014.

(3) The adjustment reflects the reclassification of the reversal of impairment losses of U.S.$11.7 million from finance income to general and administrative expenses and the loss on disposal on investment property of U.S.$0.3 million from cost of sales to other income, to be consistent with DPW Group accounting policies.

(4) The EZW Group received interest of U.S.$5.2 million on the related party loans mentioned in note 5 to the pro forma balance sheet above. An impairment reversal of U.S.$5.8 million was recognised during the year ended 31 December 2014 on these related party loans. Both the interest and the impairment reversal are eliminated as these receivables have not been acquired by the Group in the Acquisition.

(5) The adjustment reflects interest which would have been paid on the drawing down of U.S.$500 million drawn on 12 March 2015 from the Company's existing conventional and murabaha term and revolving loan facilities at an interest rate of 1.32 per cent. (being the current rate of interest payable on such borrowings at the date of this Base Prospectus) as if such drawing had occurred on 1 January 2014.

(6) The Group measures segment performance based on Adjusted EBITDA. Adjusted EBITDA of the Group as extracted without adjustment from Note 7 (*Segment information*) to the DPW 2014 Financial Statements is U.S.$1,588.2 million. Adjusted EBITDA of the EZW Group as extracted without adjustment from the EZW Financial Statements is U.S.$393.7 million. Adjusted EBITDA of EZW Group for the year ended 31 December 2014 has been calculated as follows:

| | **Adjusted EBITDA of EZW Group for the year ended 31 December 2014** |
|---|---|
| | *(Audited)* |
| | *(U.S. dollars in thousands)* |
| Profit after tax | 276,271 |
| Depreciation | 25,648 |
| Amortisation | 24,704 |
| Net finance costs | 66,980 |
| Tax | 121 |
| **Adjusted EBITDA** | 393,725 |

The pro forma ratio of net debt to EBITDA is 2.7 as at 31 December 2014 against net debt of U.S.$5.4 billion to adjusted EBITDA of U.S.$2.0 billion for the year ended 31 December 2014. No adjustment has been made to reflect the trading results of the Group or the EZW Group since 31 December 2014 or any other change in their financial positions in these periods.

# Accountant's Report on the Unaudited Pro Forma Financial Information

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The Directors
DP World Limited
PO Box 17000
Dubai
United Arab Emirates

13 April 2015

Dear Sirs

**DP World Limited**

We report on the unaudited pro forma condensed consolidated financial information (the 'Pro forma financial information') set out in the "Unaudited Pro Forma Condensed Consolidated Financial Information") section of the prospectus dated 13 April 2015, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition of Economic Zones World FZE by DP World FZE, a wholly owned subsidiary of DP World Limited, might have affected the financial information presented on the basis of the accounting policies adopted by DP World Limited in preparing the financial statements for the period ended 31 December 2014. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of DP World Limited to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 13.1 of Annex IX of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

**Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of DP World Limited.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of DP World Limited.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of DP World Limited.

**Declaration**

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex IX of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

KPMG LLP

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of the Group's financial condition and results of operations should be read in conjunction with the information in "Selected Consolidated Financial Data" and the DPW Financial Statements, appearing elsewhere in this Base Prospectus.*

*This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".*

**Overview**

The Group is one of the largest container terminal operators in the world by capacity and throughput, as well as one of the most geographically diversified. As at 31 December 2014, the Group managed a portfolio of more than 65 container and non-container terminals across six continents, including new developments underway in Africa, Europe, India and the Middle East. The Group's portfolio has an average concession life of approximately 40 years. As at and for the year ended 31 December 2014, the Group's portfolio had a gross capacity of 76.1 million TEU and generated gross throughput of 59.9 million TEU; for the same period, the Group generated revenue from operations (which does not include revenue attributable to its joint ventures and associates) of U.S.$3,411.0 million (excluding SDIs) and an Adjusted EBITDA of U.S.$1,588.1 million.

The Group reports across the following three geographical segments:

***Middle East, Europe and Africa***

- UAE – the Group's UAE operations are at the core of its portfolio and are comprised of six operating terminals (all of which are consolidated), including the Group's flagship terminal at DP World Jebel Ali in Dubai which is currently undergoing major expansion and is expected to be the fifth largest terminal in the world by the end of 2015.
- Middle East (excluding UAE) and Africa – the Group currently has 13 operating terminals (10 of which are consolidated) in seven countries in the Middle East and Africa, with development projects underway in Egypt and Senegal.
- Europe – the Group has 11 operating terminals (six of which are consolidated) in eight countries, including the new DP World London Gateway port in the United Kingdom. The Group also has development projects in Belgium, France, The Netherlands and Turkey.

***Australia and Americas***

- Australia – the Group has four operating container terminals in Australia (none of which are consolidated), including the country's busiest and largest terminal at the Port of Melbourne.
- Americas – the Group's Americas portfolio is comprised of nine operating terminals (seven of which are consolidated) in six countries (including a new development that is now operational at Embraport in Santos (Brazil)).

***Asia-Pacific and Indian subcontinent***

- Asia-Pacific – the Group has an extensive network of 12 operating terminals (one of which is consolidated) in six countries throughout the Asia-Pacific region.
- Indian subcontinent – with five operating terminals in India and one in Pakistan (five of which are consolidated), the Group has the largest presence of any container terminal operator in the Indian subcontinent region, and currently has two projects under development in India, including in Nhava Sheva.

**Factors Affecting Financial Condition and Results of Operations**

The following is a discussion of the most significant factors that have affected, or are expected to affect, the Group's financial condition and results of operations.

***Volume of TEU***

In 2014, the Group's terminals handled an aggregate of 59.9 million TEU and had utilisation rates of 79 per cent. on its gross capacity. The volume of the Group's TEU is primarily driven by: (i) the growth in trade as a result of global economic conditions; and (ii) growth in the Group's capacity.

Global economic conditions can affect the volume of TEUs the Group handles and more specific regional economic changes can also affect the volume of TEUs on a geographic segment basis. As a result, the Group's volume of TEUs in its geographic segments has been affected at different times and to differing degrees by economic conditions. In 2013, the global economy was dominated by uncertainty and emerging and developing economies provided much of the growth that year. The Group's gross container volumes decreased by 1.9 per cent. and its consolidated container volumes by 3.8 per cent. in 2013, as compared to 2012, as a result of an economic slowdown in certain jurisdictions combined with a highly utilised portfolio with limited spare capacity at key locations. However, trading conditions in 2014 showed improvement on the previous year as volume growth increased.

This increase reflected the substantial investment programme that the Group initiated in 2012, which helped drive stronger top and bottom line growth. For example, as a result of this earlier investment, in 2014 the Group opened its new greenfield projects in Embraport, Brazil and DP World London Gateway port (U.K.) and added additional capacity with the launch of Terminal 3 at Jebel Ali as well as a new container berth in Southampton (U.K.). Additionally, the investments made in existing ports like Jebel Ali allowed the berthing of larger ships, which had a positive impact on volume. For example, while the number of vessels calling at Jebel Ali only increased by 3 per cent. in 2014 compared to the prior year, the number of 9,000+ TEU vessels increased by nearly 50 per cent., adding additional volume of almost 1.6 million TEU in Jebel Ali during 2014.

The Group's portfolio of more than 65 container and non-container terminals, including eight new developments and major expansion projects that are currently underway has the potential to take its gross capacity to over 100 million TEU by 2020, subject to market demand. See "*Capital expenditures*".

***Capacity and Ability to Handle Additional Volumes***

The Group believes that it operates some of the most productive and efficient terminals in the world by using modern technology and processes. The Group believes that the maintenance and enhancement of its operations is critically important, as this has a direct impact on the Group's results. In particular, by operating more efficiently as described below, the Group seeks to generate additional value out of its existing facilities by increasing capacity, which in turn permits increased throughput, making each crane move more profitable. Increased operating efficiency also reduces the Group's cost base as it is able to fully utilise its existing assets and does not need to invest additional capital in the deployment of new assets. At certain of its terminals, the Group is not able to expand its operations physically, and efficiency improvements are the only means for the Group to increase its capacity and throughput. Conversely, at terminals that could be expanded physically, the Group may use efficiency improvements to incrementally increase capacity until demand reaches a point that justifies the capital expenditure costs associated with physical expansion. Finally, efficient operations help the Group maintain good customer relations and reduce customer defection, thereby maintaining the Group's competitive position.

Increases in operational efficiency can be achieved by, among other things:

- introducing new technologies to speed up processes and reduce labour costs;
- improving landside support to ensure that containers are quickly and efficiently transported to and from the Group's terminals;
- using external depot functions to increase the capacity for container storage;

- actively managing container storage times by incentivising customers to take delivery of containers that have arrived in port as quickly as possible;
- maintaining schedule integrity with respect to vessel calls;
- increasing the number of berthing windows by loading and unloading vessels more quickly; and
- implementing rationalised berth utilisation, which involves arranging the timing of the arrival and departure of different-sized ships to ensure that a maximum of berth length is used.

***Origin and Destination and Transhipment Cargo Mix***

For the year ended 31 December 2014, approximately 70 per cent. of the Group's gross throughput was O&D. From a revenue perspective, O&D throughput differs from transhipment throughput primarily in that O&D throughput is usually handled most cost-effectively by one port, normally closest to the point of consumption or production, which makes O&D throughput less likely to be lost to competitors and less price-sensitive than transhipment throughput. O&D throughput also provides terminal operators with an opportunity to earn additional revenue by charging for delivery or reception of the container from the shipper or consignee, as well as by providing ancillary services, such as container freight stations and container cleaning. The Group will endeavour to maintain a strong O&D component in each of its terminals or, where this is not possible, obtain volume commitments from shipping lines to make its terminals less susceptible to the loss of transhipment volumes and price deterioration. However, the development of sophisticated route networks by shipping lines, together with the limited number of terminals that can efficiently service the growing number of large container ships, increases the potential for, and attractiveness of, additional transhipment volume in certain locations. See "*Ports Operation Industry Overview – Transhipment*".

***Emerging Market Focus***

Approximately 70 per cent. of gross throughput in the Group's portfolio of terminals comes from countries that are considered to be Emerging or Frontier Markets (as defined by the MSCI Frontier and Emerging market indices). These economies are generally seen to be higher growth areas and have grown throughout the global economic slowdown by approximately 4.7 per cent. in 2013, with projected growth of 4.4 per cent. and 5.0 per cent. in 2014 and 2015, respectively (*source*: IMF World Economic Outlook, October 2014).

***Ability to Win Concessions***

The Group believes it has a proven history of winning new concessions due to:

- its operating and technical credentials;
- its ability to offer an "integrated port management" model, which combines container handling facilities with economic free zones and infrastructure developments;
- its focus on key government issues such as security and sustainability; and
- its common user status and strong customer relationships.

Attractive concession opportunities will continue to arise globally and, as authorities granting concessions increase barriers to entry, the Group believes that its experience and qualifications will leave it well positioned to continue to win new concessions.

***Currency Risk***

The Group's functional currency is UAE dirhams and its reporting currency is the U.S. dollar. The functional and reporting currency of subsidiaries, affiliates and associates varies depending on their geographic location. Accordingly, the Group is exposed to risks related to the translation of assets and liabilities denominated in currencies other than, or not pegged to, the U.S. dollar. In addition to these translation risks, the Group is exposed to transaction risks as a result of differences in the currency mix of its operating expenses, on the one hand, and revenue, on the other hand. As a result, a depreciation or appreciation of a particular local currency against the U.S. dollar could have either a positive or negative impact on both the

Group's balance sheet and its profit margin and therefore the Group's profit for the year. For additional discussion of the impact of foreign currency transactions and translations on the Group's results of operations, see Note 6 (*Financial Risk Management*) to the DPW 2014 Financial Statements and "*Quantitative and Qualitative Disclosures about Market Risk – Currency risk*".

***Tax regulation***

Certain of the Group's container terminal operations (for instance, certain terminals located in China, India and Turkey) benefit from tax "holiday" or similar awards, which exempt the Group from paying tax on certain profits or allow it to pay a reduced rate of tax on certain profits (in most cases for a specified period of time and otherwise for a specific taxable amount). Such awards do not extend to the dividend distribution of such profits. In India, the Group also pays a significantly lower rate of customs duties on the Group's imports of capital goods as a result of the Export Promotion Capital Goods Scheme ("**EPCG Scheme**"), which reduces the customs duties on imports of capital goods on the basis that certain prescribed levels of exports are achieved. As a result of these tax awards, the Group's overall tax charge is less than it would otherwise be in the absence of such awards. The existing tax awards expire at various times between 2015 and 2018 and, upon their expiration, the Group will be required to pay tax on the Group's profits at the normal rate for the relevant country. In addition, if the Group fails to meet the prescribed level of exports in India under the EPCG Scheme, the Group will be liable to pay the full rate of customs duties on the Group's imports of capital goods.

***Divestments***

In 2013, the Group recorded a profit of U.S.$152.2 million on the monetisation of investments in the Asia Pacific and Indian subcontinent region. This was the result of a sale of one joint venture and the reduction of the Group's equity stake in one subsidiary and one joint venture in Hong Kong. This created a one-off gain in 2013 and reduced the amount of profit attributable to the Asia Pacific and Indian subcontinent region in 2014 compared to 2013. This is referred to as the "**Hong Kong divestment**" in this section.

**Explanation of Key Income Statement Items**

***Revenue***

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

Revenue mainly consists of containerised stevedoring and other containerised revenue. Non-containerised revenue mainly includes logistics and handling of break bulk cargo. For further information regarding the services the Group provides, see "*Business – Ports Business*".

***Cost of Sales***

Cost of sales are comprised of costs incurred in connection with the operation, maintenance and security of the Group's facilities and other costs directly attributable to the various services provided by the Group, including related depreciation expense. Major components of cost of sales include labour, the amortisation cost of port concessions, concession fees, royalties payable to port authorities, marine cost of sales, warehousing expenses, transportation expenses, and yard and gate operations expenses.

***General and Administrative Expenses***

General and administrative expenses include staff costs, facilities rental, travel and entertainment, insurance, advertising, marketing, printing and stationery, communication costs, legal expenses, consultancy costs, IT charges, repair and maintenance costs and other sundry expenses, including related depreciation expense.

### Other Income

Other income includes gain on sale of miscellaneous operating assets and other gain/loss on non-core activities.

#### *Net Finance Costs*

Net finance costs include finance expenses less finance income. 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 comprise 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 expense also includes realised and unrealised exchange gains and losses on monetary assets and liabilities

#### *Share of Profit /(Loss) of Joint Ventures and Associates*

Share of profit/(loss) of joint ventures and associates reflects the Group's share of profits or losses from entities that are associates or joint ventures. The results of operations of associates and joint ventures are not consolidated and, consequently, only the earnings impact of these entities based on the Group's shareholding is incorporated into the Group's results.

### Recent Developments

#### *Current Trading*

On 13 November 2014, the Company announced that it and its wholly-owned subsidiary, DP World FZE, had entered into an agreement in relation to the proposed acquisition of the EZW Group from PFZW. On 16 March 2015 the Acquisition closed for cash consideration of U.S.$2.6 billion (subject to certain adjustments). This was financed through cash from existing reserves of the Company and a U.S.$500 million draw-down on the Company's existing conventional and murabaha term and revolving loan facilities (see "*Description of DP World – History – Regional and international expansion through acquisitions – EZW Group*").

In March 2015, the Port of Melbourne Corporation reassessed and significantly increased the rent payable by the Group for its terminals in Australia, although the Group intends to challenge this assessment in accordance with the terms of the concession agreement.

The Group is in the process of acquiring the Fairview Container Terminal in Canada for U.S.$457 million. The Group has entered into a binding agreement to complete this acquisition and, subject to regulatory approvals, the Group expects to complete this acquisition in 2015. The Fairview Container Terminal has the capacity to handle 850,000 TEU annually, although the Group expects this to increase significantly upon the completion of a recently announced terminal expansion. The Fairview Container Terminal's concession currently runs to 2034 but is expected to be extended to 2056 upon completion of its expansion.

#### *London Stock Exchange Delisting*

The shareholders approved the delisting of the Company's shares from the London Stock Exchange. On 21 January 2015, the Company voluntarily delisted its shares from the London Stock Exchange.

### Historical Results of Operations

The discussion and analysis of: (i) the year ended 31 December 2014 compared to the year ended 31 December 2013; and (ii) the year ended 31 December 2013 compared to the year ended 31 December 2012, is based on the DPW Financial Statements.

*Year Ended 31 December 2014 Compared to Year Ended 31 December 2013*

The following table sets forth selected consolidated income statement data for the Company for the years indicated.

| | Year ended 31 December 2013 | | | Year ended 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | *(Audited)* *(U.S. dollars in thousands)* | | | | | |
| Revenue | 3,073,248 | – | 3,073,248 | 3,411,014 | 52,337 | 3,463,351 |
| Cost of sales | (1,849,087) | – | (1,849,087) | (1,958,295) | (52,337) | (2,010,632) |
| **Gross profit** | 1,224,161 | – | 1,224,161 | 1,452,719 | – | 1,452,719 |
| General and administrative expenses | (311,243) | (101,433) | (412,676) | (385,878) | (19,400) | (405,278) |
| Other income | 21,458 | – | 21,458 | 22,363 | 9,153 | 31,516 |
| Profit on sale and termination of business | – | 158,188 | 158,188 | – | – | – |
| Share of profit/(loss) from equity accounted investees (net of tax) | 84,366 | (4,305) | 80,061 | 77,961 | (1,754) | 76,207 |
| **Results from operating activities** | 1,018,742 | 52,450 | 1,071,192 | 1,167,165 | (12,001) | 1,155,164 |
| Finance income | 84,493 | – | 84,493 | 89,765 | 1,582 | 91,347 |
| Finance costs | (369,439) | – | (369,439) | (372,841) | (4,122) | (376,963) |
| **Net finance costs** | (284,946) | – | (284,946) | (283,076) | (2,540) | (285,616) |
| **Profit before tax** | 733,796 | 52,450 | 786,246 | 884,089 | (14,541) | 869,548 |
| Income tax expense | (59,558) | (4,900) | (64,458) | (127,418) | 40,000 | (87,418) |
| **Profit for the year** | 674,238 | 47,550 | 721,788 | 756,671 | 25,459 | 782,130 |
| **Profit attributable to:** | | | | | | |
| Owners of the Company | 604,421 | 35,215 | 639,636 | 675,430 | 25,143 | 700,573 |
| Non-controlling interests | 69,817 | 12,335 | 82,152 | 81,241 | 316 | 81,557 |

***Revenue***

Revenue for the year ended 31 December 2014 was U.S.$3,463.4 million as compared to U.S.$3,073.2 million for the year ended 31 December 2013, an increase of U.S.$390.2 million, or 12.7 per cent. The year ended 31 December 2014 included an SDI of U.S.$52.3 million of revenue relating to service concession revenue. In accordance with IFRIC 12 *Service Concession Arrangements*, the fair value of revenue from construction services provided by the Company to develop a port in the Asia-Pacific and Indian subcontinent segment was included as both revenue and cost of sales in the year ended 31 December 2014 and has been treated as an SDI. Excluding such SDI, revenue for the year ended 31 December 2014 was U.S.$3,411.0 million as compared to U.S.$3,073.2 million for the year ended 31 December 2013, an increase of U.S.$337.8 million, or 11.0 per cent. The increase in revenue was mainly driven by an increase in volume.

As of 31 December 2014, the Group had more than 65 container and non-container terminals, of which 35 operating terminals were consolidated for financial reporting purposes. Terminals that contributed to the Group's revenue as of 31 December 2014 experienced an increase in consolidated volume over the previous year of 9.5 per cent.

*Containerised Stevedoring Revenue*

Containerised stevedoring revenue for the year ended 31 December 2014 was U.S.$1,503.0 million (representing 44.1 per cent. of the Group's total revenue, excluding SDIs, for such period) as compared to U.S.$1,396.5 million for the year ended 31 December 2013 (representing 45.4 per cent. of the Group's total revenue for such period), an increase of U.S.$106.5 million, or 7.6 per cent. The increase reflected an 8.9 per cent. increase in gross container volumes resulting from the opening of new ports at DP World London Gateway port (U.K.) and Embraport (Brazil) and the launch of Terminal 3 at Jebel Ali (UAE) as well as volume growth at existing terminals.

*Containerised Other Revenue*

Containerised other revenue for the year ended 31 December 2014 was U.S.$1,166.1 million (representing 34.2 per cent. of the Group's total revenue, excluding SDIs, for such period) as compared to U.S.$1,026.8 million for the year ended 31 December 2013 (representing 33.4 per cent. of the Group's total revenue for such period), an increase of U.S.$139.3 million, or 13.6 per cent. The increase principally reflected increased storage revenues as the increase in gross container volumes resulted in more growth in storage.

*Non-containerised Revenue*

Non-containerised revenue (excluding SDIs) for the year ended 31 December 2014 was U.S.$741.9 million (representing 21.8 per cent. of the Group's total revenue, excluding SDIs, for such period) as compared to U.S.$649.9 million for the year ended 31 December 2013 (representing 21.1 per cent. of the Group's total revenue for such period), an increase of U.S.$92.0 million, or 14.2 per cent. The bulk of this increase reflected the growth in Jebel Ali's non-containerised volumes.

***Revenue by Segment***

The following table presents revenue information regarding the Group's three segments (excluding SDIs) for the years ended 31 December 2013 and 2014.

| | Year ended 31 December | |
|---|---|---|
| | **2013** | **2014** |
| | *(U.S. dollars in thousands)* | |
| **Revenue (excluding SDIs)** | | |
| Middle East, Europe and Africa | 2,123,848 | 2,386,049 |
| Australia and Americas | 594,183 | 628,312 |
| Asia-Pacific and Indian subcontinent | 355,217 | 396,653 |
| **Total revenue (excluding SDIs)** | 3,073,248 | 3,411,014 |

*Middle East, Europe and Africa.* Revenue (excluding SDIs) for the Middle East, Europe and Africa segment for the year ended 31 December 2014 was U.S.$2,386.0 million as compared to U.S.$2,123.8 million for the year ended 31 December 2013, an increase of U.S.$262.2 million, or 12.3 per cent. The increase reflected a rise in non-containerised revenue of 17.0 per cent. as well as a rise in container volume of 10.4 per cent. This rise in container volume resulted in a 11.2 per cent. increase in total containerised revenue, which was primarily due to higher volumes in the UAE region. As of 31 December 2014, the Group had 30 operating terminals in the segment, of which 22 were consolidated for financial reporting purposes. On average, terminals that contributed to revenue for the segment experienced a increase in container volume of 10.4 per cent. over the same period the previous year. The segment benefitted from contributions from the Group's newly opened terminal at DP World London Gateway port (U.K.) and the additional capacity with the launch of Terminal 3 at Jebel Ali as well as a new container berth in Southampton (U.K.). Excluding the new terminals, container volumes increased 9.3 per cent. and like-for-like revenue adjusted for currency movements increased 10.3 per cent., primarily as a result of an increase in consolidated throughput.

UAE total containerised revenue for the year ended 31 December 2014 increased against the same period in 2013 by 10.2 per cent., whilst non-containerised revenue increased to 13.3 per cent. following a rise in general, break bulk and bulk cargo volumes.

*Australia and Americas.* Revenue (excluding SDIs) for the Australia and Americas segment for the year ended 31 December 2014 was U.S.$628.3 million as compared to U.S.$594.2 million for the year ended 31 December 2013, an increase of U.S.$34.1 million, or 5.7 per cent. The increase in revenue primarily resulted from an increase in this segment in revenue per TEU as throughput declined slightly in the period. The increase in revenue per TEU was largely a result of an increase in rates for the storage of containers. As of 31 December 2014, the Group had 13 operating terminals in the segment, of which seven were consolidated for financial reporting purposes. Like-for-like revenue increased 8.4 per cent. against a decline in container volume of 0.4 per cent.

*Asia-Pacific and Indian subcontinent.* Revenue (excluding SDIs) for the Asia-Pacific and Indian subcontinent segment for the year ended 31 December 2014 was U.S.$396.7 million as compared to U.S.$355.2 million for the year ended 31 December 2013, an increase of U.S.$41.5 million, or 11.7 per cent. The increase in revenue was largely from our terminals in India and Pakistan for containerised and non-containerised other revenue. Like-for-like revenue increased 23.2 per cent. against a rise in container volume of 16.5 per cent. As of 31 December 2014, the Group had 18 operating terminals in the segment, of which six were consolidated for financial reporting purposes.

***Cost of Sales***

Cost of sales for the year ended 31 December 2014 were U.S.$2,010.6 million as compared to U.S.$1,849.1 million for the year ended 31 December 2013, an increase of U.S.$161.5 million, or 8.7 per cent. The year ended 31 December 2014 included an SDI of U.S.$52.3 million. Excluding such SDI, cost of sales for the year ended 31 December 2014 were U.S.$1,958.3 million as compared to U.S.$1,849.1 million for the year ended 31 December 2013, an increase of U.S.$109.2 million, or 5.9 per cent. The increase was principally due to increases in container volume as well as the ramp up costs associated with the newly opened terminals in 2014.

***General and Administrative Expenses***

General and administrative expenses for the year ended 31 December 2014 were U.S.$405.3 million as compared to U.S.$412.7 million for the year ended 31 December 2013, a decrease of U.S.$7.4 million, or 1.8 per cent. The year ended 31 December 2014 included an SDI of U.S.$19.4 million relating to advisory, legal, accounting, valuation, professional consulting, general and administrative costs that were directly related to the Acquisition. The year ended 31 December 2013 included an SDI of U.S.$101.4 million primarily relating to an impairment of assets in the Middle East, Europe and Africa region and in the Asia Pacific and Indian subcontinent region. Excluding such SDIs, general and administrative expenses for the year ended 31 December 2014 were U.S.$385.9 million as compared to U.S.$311.2 million for the year ended 31 December 2013, an increase of U.S.$74.7 million, or 24.0 per cent. The increase was primarily due to inflation rates as well as the ramp up costs associated with the newly opened terminals in 2014.

***Profit on sale and termination of business***

Profit on sale and termination of business for the year ended 31 December 2014 was nil.

Profit on sale and termination of business for the year ended 31 December 2013 was U.S.$158.2 million primarily relating to a U.S.$152.2 million profit on the Hong Kong divestment in the Asia Pacific and Indian subcontinent segment. See "*Factors Affecting Financial Condition and Results of Operations*".

***Share of Profit from Equity-accounted Investees***

Share of profit from equity-accounted investees for the year ended 31 December 2014 was U.S.$76.2 million as compared to U.S.$80.1 million for the year ended 31 December 2013, a decrease of U.S.$3.9 million, or 4.9 per cent. The year ended 31 December 2014 included an SDI loss of U.S.$1.8 million comprising U.S.$0.7 million from its share of an ineffective hedge in a joint venture in the Middle East, Europe and

Africa region and U.S.$1.1 million from its share of restructuring costs in a joint venture in the Australia and Americas region. The year ended 31 December 2013 included an SDI loss of U.S.$4.3 million comprising $1.2 million from an ineffective hedge in an associate in the Middle East, Europe and Africa segment and $3.1 million from restructuring costs in the Australia and Americas segment. Excluding such SDIs, share of profit (loss) from equity-accounted investees for the year ended 31 December 2014 was U.S.$78.0 million as compared to U.S.$84.4 million for the year ended 31 December 2013, a decrease of U.S.$6.4 million, or 7.6 per cent. The decrease was primarily due to the lower stakes in certain entities in 2014 compared to 2013 as part of the Hong Kong divestment. See "*Factors Affecting Financial Condition and Results of Operations*".

***Net Finance Costs***

Net finance costs for the year ended 31 December 2014 were U.S.$285.6 million as compared to U.S.$284.9 million for the year ended 31 December 2013, an increase of U.S.$0.7 million, or 0.2 per cent. The year ended 31 December 2014 included an SDI of U.S.$2.5 million related to ineffective interest rate swaps. Excluding such SDIs, net finance costs for the year ended 31 December 2014 were U.S.$283.1 million as compared to U.S.$284.9 million for the year ended 31 December 2013, a decrease of U.S.$1.8 million, or 0.6 per cent, primarily as a result of an increase in interest expense from an increase in loans and borrowing in 2014 compared with 2013, which was largely offset by an increase in interest income from an increase in cash deposited with banks in 2014 compared with 2013.

***Income Tax***

Income tax expense for the year ended 31 December 2014 was U.S.$87.4 million as compared to U.S.$64.5 million for the year ended 31 December 2013, an increase of U.S.$22.9 million, or 35.5 per cent. The year ended 31 December 2014 included an SDI of U.S.$40.0 million of net income tax credit resulting from the release of a tax provision in connection with the restructuring and sale of subsidiaries in the Australia and Americas region. The provision was released following the closure of a review by the relevant tax authorities. The year ended 31 December 2013 included an SDI of U.S.$4.9 million of net income tax expense relates to the restructuring of subsidiaries in the Asia Pacific and Indian subcontinent segment. Excluding such SDIs, income tax for the year ended 31 December 2014 was U.S.$127.4 million as compared to U.S.$59.6 million for the year ended 31 December 2013, an increase of U.S.$67.8 million, or 113.8 per cent. The increase was principally due to an increase in profit and a corporate tax credit due to a reduction in the U.K. corporate tax rate in 2013.

***Profit for the Year***

Profit after tax for the year ended 31 December 2014 was U.S.$782.1 million as compared to U.S.$721.8 million for the year ended 31 December 2013, an increase of U.S.$60.3 million, or 8.4 per cent. The year ended 31 December 2014 included SDIs representing a profit of U.S.$25.5 million and the year ended 31 December 2013 included SDIs representing a profit of U.S.$47.6 million (see above for further information regarding such SDIs). Excluding such SDIs, profit after tax for the year ended 31 December 2014 was U.S.$756.7 million as compared to U.S.$674.2 million for the year ended December 2013, an increase of U.S.$82.5 million, or 12.2 per cent.

The following table presents profit information regarding the Group's geographical segments for the years ended 31 December 2013 and 2014.

| | Year ended 31 December 2013 | | | Year ended 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | *(Audited)* *(U.S. dollars in thousands)* | | | | | |
| **Profit after tax** | | | | | | |
| Middle East, Europe and Africa | 858,398 | (76,394) | 782,004 | 983,721 | (7,902) | 975,819 |
| Australia and Americas | 120,340 | 4,721 | 125,061 | 148,617 | (4,099) | 144,518 |
| Asia-Pacific and Indian subcontinent | 140,857 | 127,123 | 267,980 | 185,924 | – | 185,924 |
| Head office profit/(loss) | (445,357) | (7,900) | (453,257) | (561,591) | 37,460 | (524,131) |
| **Total profit after tax** | 674,238 | 47,550 | 721,788 | 756,671 | 25,459 | 782,130 |

*Middle East, Europe and Africa*. Profit for the Middle East, Europe and Africa segment was U.S.$975.8 million for the year ended 31 December 2014 as compared to U.S.$782.0 million for the year ended 31 December 2013, an increase of U.S.$193.8 million, or 24.8 per cent. Excluding SDIs, profit after tax for the Middle East, Europe and Africa segment was U.S.$983.7 million for the year ended 31 December 2014 as compared to U.S.$858.4 million for the year ended 31 December 2013, an increase of U.S.$125.3 million, or 14.6 per cent. The increase in profit in the Middle East, Europe and Africa segment principally reflected the increased revenue in this segment as outlined above.

*Australia and Americas*. Profit for the Australia and Americas segment was U.S.$144.5 million for the year ended 31 December 2014 as compared to U.S.$125.1 million for the year ended 31 December 2013, an increase of U.S.$19.4 million, or 15.5 per cent. Excluding SDIs, profit for the Australia and Americas segment was U.S.$148.6 million for the year ended 31 December 2014 as compared to U.S.$120.3 million for the year ended 31 December 2013, an increase of U.S.$28.3 million, or 23.5 per cent. The increase in profit in the Americas and Australia segment is predominantly made up of an increase in revenue and strong growth in higher margin ancillary services like container storage.

*Asia-Pacific and Indian subcontinent*. Profit for the Asia-Pacific and Indian subcontinent segment for the year ended 31 December 2014 was U.S.$185.9 million as compared to a profit of U.S.$268.0 million for the year ended 31 December 2013, a decrease of U.S.$82.1 million, or 30.6 per cent. Excluding SDIs, profit for the Asia-Pacific and Indian subcontinent segment for the year ended 31 December 2014 was U.S.$185.9 million as compared to a profit of U.S.$140.9 million for the year ended 31 December 2013, an increase of U.S.$45.0 million, or 31.9 per cent. The increase in profit in the Asia-Pacific and Indian subcontinent segment (excluding SDIs) was partially a result of an 11.7 per cent. growth in revenue described above, offset partially by the decrease in profit associated with the Hong Kong divestment.

*Head Office*. Loss for the Head Office segment for the year ended 31 December 2014 was U.S.$524.1 million as compared to a loss of U.S.$453.3 million for the year ended 31 December 2013, an increase of U.S.$70.8 million, or 15.6 per cent. Excluding SDIs, loss for the Head Office segment for the year ended 31 December 2014 was U.S.$561.6 million as compared to a loss of U.S.$445.4 million for the year ended 31 December 2013, an increase of U.S.$116.2 million, or 26.1 per cent. This increase principally reflected an increase in staff and inflation.

*Year Ended 31 December 2013 Compared to Year Ended 31 December 2012*

The following table sets forth selected consolidated income statement data for the Company for the years indicated.

| | Year ended 31 December 2012 (Restated)[1] | | | Year ended 31 December 2013 | | |
|---|---|---|---|---|---|---|
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | *(Audited)* *(U.S. dollars in thousands)* | | | | | |
| Revenue from operations.. | 3,121,017 | – | 3,121,017 | 3,073,248 | – | 3,073,248 |
| Cost of sales..... | (2,003,318) | – | (2,003,318) | (1,849,087) | – | (1,849,087) |
| **Gross profit**..... | 1,117,699 | – | 1,117,699 | 1,224,161 | – | 1,224,161 |
| General and administrative expenses..... | (279,459) | (55,850) | (335,309) | (311,243) | (101,433) | (412,676) |
| Other income ..... | 21,643 | – | 21,643 | 21,458 | – | 21,458 |
| Profit on sale and termination of business..... | – | 237,204 | 237,204 | – | 158,188 | 158,188 |
| Share of profit/(loss) of equity accounted associates and joint ventures (net of tax)..... | 133,897 | 20,710 | 154,607 | 84,366 | (4,305) | 80,061 |
| **Results from operating activities**..... | 993,780 | 202,064 | 1,195,844 | 1,018,742 | 52,450 | 1,071,192 |
| Finance income..... | 75,211 | – | 75,211 | 84,493 | – | 84,493 |
| Finance costs ..... | (371,229) | (10,373) | (381,602) | (369,439) | – | (369,439) |
| **Net finance costs** ..... | (296,018) | (10,373) | (306,391) | (284,946) | – | (284,946) |
| **Profit before tax**..... | 697,762 | 191,691 | 889,453 | 733,796 | 52,450 | 786,246 |
| Income tax expense ..... | (72,954) | – | (72,954) | (59,558) | (4,900) | (64,458) |
| **Profit/(loss) for the year**..... | 624,808 | 191,691 | 816,499 | 674,238 | 47,550 | 721,788 |
| Attributable to: | | | | | | |
| Owners of the Company... | 545,182 | 193,216 | 738,398 | 604,421 | 35,215 | 639,636 |
| Non-controlling interest.... | 79,626 | (1,525) | 78,101 | 69,817 | 12,335 | 82,152 |

(1) See "*Presentation of Certain Financial and Other Information – Restatement of 2012 Financial Information*" and Note 3 (*Changes in Accounting Policies*) to the DPW 2013 Financial Statements for further information regarding the restatement of certain financial information with respect to the year ended 31 December 2012 in the DPW 2013 Financial Statements.

***Revenue***

Revenue for the year ended 31 December 2013 was U.S.$3,073.2 million as compared to U.S.$3,121.0 million for the year ended 31 December 2012, a decrease of U.S.$47.8 million, or 1.5 per cent. The decrease reflected the Hong Kong divestment. These declines were primarily due to a combination of capacity constraint at key locations, including Jebel Ali (UAE), and tougher operating environments in the Asia Pacific and Indian subcontinent segment, particularly in the first half of 2013. However, the Group's volume improvement and a strong second half in 2013 resulted in marginal full year volume growth. Like-for-like revenue growth was 3.6 per cent. against a like-for-like container volume decline of 0.5 per cent. primarily as a result of an increase in rates.

As of 31 December 2013, the Group had more than 65 container and non-container terminals, of which 35 operating terminals were consolidated for financial reporting purposes. Terminals that contributed to the Group's revenue as of 31 December 2013 recorded a decrease of 3.8 per cent. of consolidated volume over that recorded in 2012.

*Containerised Stevedoring Revenue*

Containerised stevedoring revenue for the year ended 31 December 2013 was U.S.$1,396.5 million (representing 45.4 per cent. of the Group's total revenue for such period) as compared to U.S.$1,366.2 million for the year ended 31 December 2012 (representing 43.8 per cent. of the Group's total revenue for such period), an increase of U.S.$30.3 million, or 2.2 per cent. The increase was primarily due to rate increases partially offset by a slight decrease in container volumes.

*Containerised Other Revenue*

Containerised other revenue for the year ended 31 December 2013 was U.S.$1,026.8 million (representing 33.4 per cent. of the Group's total revenue for such period) as compared to U.S.$1,045.0 million for the year ended 31 December 2012 (representing 33.5 per cent. of the Group's total revenue for such period), a decrease of U.S.$18.2 million, or 1.7 per cent. The decrease was primarily due to the deconsolidation of the Group operations in Hong Kong as part of the Hong Kong divestment.

*Non-containerised Revenue*

Non-containerised revenue for the year ended 31 December 2013 was U.S.$650.0 million (representing 21.1 per cent. of the Group's total revenue for such period) as compared to U.S.$709.9 million for the year ended 31 December 2012 (representing 22.7 per cent. of the Group's total revenue for such period), a decrease of U.S.$59.9 million, or 8.4 per cent. The decrease was primarily due to a decrease in break bulk in the UAE.

***Revenue by Segment***

The following table presents revenue information regarding the Group's three geographical segments for the years ended 31 December 2013 and 2012.

| | Year ended 31 December | |
|---|---|---|
| | **2012** | **2013** |
| | *(U.S. dollars in thousands)* | |
| **Revenue** | | |
| Middle East, Europe and Africa | 2,111,688 | 2,123,848 |
| Australia and Americas | 552,751 | 594,183 |
| Asia-Pacific and Indian subcontinent | 456,578 | 355,217 |
| **Total revenue** | 3,121,017 | 3,073,248 |

*Middle East, Europe and Africa*. Revenue for the Middle East, Europe and Africa segment for the year ended 31 December 2013 was U.S.$2,123.8 million as compared to U.S.$2,111.7 million for the year ended 31 December 2012, an increase of U.S.$12.1 million, or 0.6 per cent. Market conditions in the Middle East, Europe and Africa region were mixed. As of 31 December 2013, the Group had 30 operating terminals in the segment, of which 22 were consolidated for financial reporting purposes.

Resilience in the Group's UAE and Africa portfolio mitigated the weaker markets elsewhere. Throughput in the UAE grew, but consolidated throughput for the region was down 1.1 per cent. for 2013. The Group's revenue grew 4.4 per cent. on a like-for-like basis as the Group's cargo mix favoured higher margin O&D and non-container traffic, particularly in the UAE.

*Australia and Americas*. Revenue for the Australia and Americas segment for the year ended 31 December 2013 was U.S.$594.2 million as compared to U.S.$552.8 million for the year ended 31 December 2012, an

increase of U.S.$41.4 million, or 7.5 per cent. The increase was primarily due to rate increases in Argentina for non-containerised revenue.

As of 31 December 2013, the Group had 13 operating terminals in the segment, of which seven were consolidated for financial reporting purposes. Terminals that contributed to revenue experienced a decrease in consolidated volume of 0.6 per cent. for the year ended 31 December 2013 as compared to the same period in 2012.

*Asia-Pacific and Indian subcontinent*. Revenue for the Asia-Pacific and Indian subcontinent segment for the year ended 31 December 2013 was U.S.$355.2 million as compared to U.S.$456.6 million for the year ended 31 December 2012, a decrease of U.S.$101.4 million, or 22.2 per cent. The decrease was primarily due to the deconsolidation of the Group's operations in Hong Kong as part of the Hong Kong divestment.

As of 31 December 2013, the Group had 18 operating terminals in the segment, of which six were consolidated for financial reporting purposes. On average, terminals that contributed to revenue experienced a decrease in consolidated volume for the period of 14.8 per cent. compared with the previous year.

Market conditions in the Asia Pacific and Indian subcontinent segment were challenging, particularly in the first half of 2013, as market conditions improved in the second half of 2013. Weaker GDP growth in Asia combined with a depreciating currency and the Hong Kong divestment impacted reported volumes, which were down 14.8 per cent. for the year. However, on a like-for-like basis the decline was 3.9 per cent. over the same period.

**Cost of Sales**

Cost of sales for the year ended 31 December 2013 were U.S.$1,849.1 million as compared to U.S.$2,003.3 million for the year ended 31 December 2012, a decrease of U.S.$154.2 million, or 7.7 per cent. The decrease was primarily due to the Hong Kong divestment in 2013, as the cost of sales from the deconsolidated entity were no longer included in the Group's cost of sales, as well as a reduction in variable costs from the lower container volumes.

***General and Administrative Expenses***

General and administrative expenses for the year ended 31 December 2013 were U.S.$412.7 million as compared to U.S.$335.3 million for the year ended 31 December 2012, an increase of U.S.$77.4 million, or 23.1 per cent. The year ended 31 December 2013 included an SDI of U.S.$101.4 million mainly relating to an impairment of assets in the Middle East, Europe and Africa region and Asia Pacific and Indian subcontinent region. The year ended 31 December 2012 included an SDI of U.S.$55.9 million mainly for impairment of property, plant and equipment of U.S.$14.1 million in the Middle East, Europe and Africa region and U.S.$35.8 million in the Australia and Americas region. Excluding such SDIs, general and administrative expenses for the year ended 31 December 2013 were U.S.$311.2 million as compared to U.S.$279.5 million for the year ended 31 December 2012, an increase of U.S.$31.7 million, or 11.3 per cent. The increase was primarily due to an increase in salaries and other personnel expenses caused by an increase in personnel and inflation.

***Profit on sale and termination of business***

Profit on sale and termination of business for the year ended 31 December 2013 was U.S.$158.2 million primarily relating to a U.S.$152.2 million profit on the Hong Kong divestment in the Asia Pacific and Indian subcontinent segment. See "*Factors Affecting Financial Condition and Results of Operations*".

Profit on sale and termination of business for the year ended 31 December 2012 was U.S.$237.2 million relating to a U.S.$193.5 million profit from the divestment of an equity-accounted entity in the Middle East, Europe and Africa region, U.S.$53.3 million profit on monetisation of an equity-accounted entity in the Australia and Americas region and a U.S.$4.6 million profit on divestment of a subsidiary in the Middle East, Europe and Africa region, offset by a tax charge of U.S.$7.9 million in Australia and Americas and U.S.$6.3 million loss on termination of a concession in the Middle East, Europe and Africa region.

***Share of Profit/(Loss) from Equity-accounted Investees (Net of Tax)***

Share of profit/(loss) from equity-accounted investees for the year ended 31 December 2013 was U.S.$80.1 million as compared to U.S.$154.6 million for the year ended 31 December 2012, a decrease of U.S.$74.5 million, or 48.2 per cent. The year ended 31 December 2013 included an SDI loss of U.S.$4.3 million relating to U.S.$1.2 million from an ineffective hedge in an associate in the Middle East, Europe and Africa segment and U.S.$3.1 million from restructuring costs in the Australia and Americas segment. The year ended 31 December 2012 included an SDI profit of U.S.$20.7 million relating to U.S.$11.7 million from the Group's share of equity earnings of a joint venture upon sale of an entity within this group in the Australia and Americas segment and U.S.$9.0 million from the Group's share of profit on transfer of certain assets by an associate in the Asia Pacific and Indian subcontinent segment. Excluding such SDIs, share of profit/(loss) from equity-accounted investees for the year ended 31 December 2013 was U.S.$84.4 million as compared to U.S.$133.9 million for the year ended 31 December 2012, a decrease of U.S.$49.5 million, or 37.0 per cent. The decrease was primarily due to the reduction of share ownership in certain joint ventures as part of the Hong Kong divestment, which resulted in lower profits attributable to the Group.

***Net Finance Costs***

Net finance costs for the year ended 31 December 2013 were U.S.$284.9 million as compared to U.S.$306.4 million for the year ended 31 December 2012, a decrease of U.S.$21.5 million, or 7.0 per cent. The year ended 31 December 2012 included SDI expense of U.S.$10.4 million related to ineffective interest rate swaps and currency options. Excluding such SDIs, net finance costs for the year ended 31 December 2013 were U.S.$284.9 million as compared to U.S.$296.0 million in the year ended 31 December 2012, a decrease of U.S.$11.1 million, or 3.8 per cent., reflecting a decrease in interest expense as a result of a lower average level of indebtedness for the year as the Group repaid U.S.$3,000.0 million outstanding under its revolving credit facility in 2012.

***Income Tax***

Income tax for the year ended 31 December 2013 was U.S.$64.5 million as compared to U.S.$73.0 million for the year ended 31 December 2012, a decrease of U.S.$8.5 million, or 11.6 per cent. The year ended 31 December 2013 included an SDI of U.S.$4.9 million of net income tax reflecting a credit relating to the restructuring of subsidiaries in the Asia Pacific and Indian subcontinent segment. Excluding such SDIs, income tax for the year ended 31 December 2013 was U.S.$59.6 million as compared to U.S.$73.0 million for the year ended 31 December 2012, a decrease of U.S.$13.4 million, or 18.4 per cent. The decrease was primarily due to a decrease in profit in tax paying jurisdictions and a corporate tax credit due to a reduction in the U.K. corporation tax rate in 2013.

***Profit after Tax***

The following table presents profit information regarding the Group's geographical segments for the years ended 31 December 2013 and 2012.

| | Year ended 31 December 2012 | | | Year ended 31 December 2013 | | |
|---|---|---|---|---|---|---|
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | *(Audited)* *(U.S. dollars in thousands)* | | | | | |
| **Profit after tax** | | | | | | |
| Middle East, Europe and Africa | 782,933 | 172,253 | 955,186 | 858,398 | (76,394) | 782,004 |
| Australia and Americas | 88,512 | 20,818 | 109,330 | 120,340 | 4,721 | 125,061 |
| Asia-Pacific and Indian subcontinent | 208,762 | 8,993 | 217,755 | 140,857 | 127,123 | 267,980 |
| Head office | (455,399) | (10,373) | (465,772) | (445,357) | (7,900) | (453,257) |
| **Total profit after tax** | 624,808 | 191,691 | 816,499 | 674,238 | 47,550 | 721,788 |

*Middle East, Europe and Africa*. Profit for the Middle East, Europe and Africa segment was U.S.$782.0 million for the year ended 31 December 2013 as compared to U.S.$955.2 million for the year ended 31 December 2012, a decrease of U.S.$173.2 million, or 18.1 per cent. Excluding SDIs, profit for the Middle East, Europe and Africa segment was U.S.$858.4 million for the year ended 31 December 2013 as compared to U.S.$782.9 million for the year ended 31 December 2012, an increase of U.S.$75.5 million, or 9.6 per cent. The increase primarily reflected rate increases in the UAE region.

*Australia and Americas.* Profit for the Australia and Americas segment was U.S.$125.1 million for the year ended 31 December 2013 as compared to U.S.$109.3 million for the year ended 31 December 2012, an increase of U.S.$15.8 million, or 14.5 per cent. Excluding SDIs, profit for the Australia and Americas segment was U.S.$120.3 million for the year ended 31 December 2013 as compared to U.S.$88.5 million for the year ended 31 December 2012, an increase of U.S.$31.8 million, or 35.9 per cent. The increase primarily reflected a 7.5 per cent. growth in revenue, as described above, and substantial rate increase in South America.

*Asia-Pacific and Indian subcontinent.* Profit for the Asia-Pacific and Indian subcontinent segment was U.S.$268.0 million for the year ended 31 December 2013 as compared to U.S.$217.8 million for the year ended 31 December 2012, an increase of U.S.$50.2 million, or 23.1 per cent. Excluding SDIs, profit for the Asia-Pacific and Indian subcontinent segment was U.S.$140.9 million for the year ended 31 December 2013 as compared to U.S.$208.8 million for the year ended 31 December 2012, a decrease of U.S.$67.9 million, or 32.5 per cent. The decrease primarily reduced profit associated with the Hong Kong divestment.

*Head Office*. Loss for the Head Office was U.S.$453.3 million for the year ended 31 December 2013 as compared to a loss of U.S.$465.8 million for the year ended 31 December 2012, a decrease of U.S.$12.5 million, or 2.7 per cent. Excluding SDIs, loss for the Head Office was U.S.$445.4 million for the year ended 31 December 2013 as compared to a loss of U.S.$455.4 million for the year ended 31 December 2012, a decrease of U.S.$10.0 million, or 2.2 per cent. The decrease primarily reflected the allocation of the corporate tax credit due to a reduction in the U.K. corporation tax rate in 2013, which was partially offset by an increase in expenses.

***Profit for the Year***

As a result of the factors described above, profit for the year ended 31 December 2013 was U.S.$721.8 million as compared to U.S.$816.5 million for the year ended 31 December 2012, a decrease of

U.S.$94.7 million, or 11.6 per cent. Excluding SDIs, profit for the year ended 31 December 2013 was U.S.$674.2 million as compared to U.S.$624.8 million for the year ended 31 December 2012, an increase of U.S.$49.4 million, or 7.9 per cent.

***Liquidity and Capital Resources***

The Group expects to meet its ongoing capital requirements, including in respect of its eight new developments and major expansion projects, as described in "*Business – History – Future Expansion*" and "*Business – Ports Business – Portfolio*", through cash from operations, as well as debt financing from banks or capital markets or the issuance of equity to the extent necessary. Where available, the Group intends to finance terminal development and expansion projects through non-recourse debt of the relevant terminal operating company. See "*Risk Factors – Risks Related to the Notes – Because the Issuer is a holding company and substantially all of its operations are conducted through its subsidiaries, unconsolidated joint ventures and associates, its ability to make payments in respect of the Notes issued by it depends on its ability to obtain cash dividends or other cash payments or obtain loans from such entities*" and "*Risk Factors – Risks Relating to the Group – The Group's businesses require substantial capital investment, and the Group may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable*".

***Cash Flows***

The following table sets forth certain information about the consolidated cash flows of the Company for the periods indicated.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2012** | **2013** | **2014** |
| | *(U.S. dollars in thousands)* | | |
| Net cash from/(used in) operating activities | 1,231,345 | 1,211,733 | 1,354,215 |
| Net cash from/(used in) investing activities | 22,577 | (210,801) | (700,799) |
| Net cash from/(used in) financing activities | (3,544,842) | (304,314) | 527,854 |
| **Net increase (decrease) in cash and cash equivalents** | (2,290,920) | 696,618 | 1,181,270 |
| Net foreign exchange translation difference | 14,306 | (7,288) | (29,260) |
| Cash and cash equivalents at the beginning of the period | 4,158,347 | 1,881,733 | 2,571,063 |
| **Cash and cash equivalents at the end of the period** | 1,881,733 | 2,571,063 | 3,723,073 |

*Net cash from/(used in) operating activities.*

Net cash from operating activities for the year ended 31 December 2014 was U.S.$1,354.2 million as compared to U.S.$1,211.7 million for the year ended 31 December 2013, an increase of U.S.$142.5 million, or 11.8 per cent. The increase was primarily due to improved operating results.

Net cash from operating activities for the year ended 31 December 2013 was U.S.$1,211.7 million as compared to U.S.$1,231.3 million for the year ended 31 December 2012, a decrease of U.S.$19.6 million, or 1.6 per cent. The decrease was primarily due to the Hong Kong divestment.

*Net cash from/(used in) investing activities.* Net cash used in investing activities for the year ended 31 December 2014 was U.S.$700.8 million consisting primarily of capital expenditures.

Net cash used in investing activities for the year ended 31 December 2013 was U.S.$210.8 million consisting primarily of capital expenditures which were offset by gains from the Hong Kong divestment.

Net cash from investing activities for the year ended 31 December 2012 was U.S.$22.6 million consisting primarily of capital expenditures, which were offset by gains from divestments.

*Net cash from financing activities*. Net cash from financing activities for the year ended 31 December 2014 was U.S.$527.9 million. This amount was primarily the result of proceeds from the issue of U.S.$1,000.0 million convertible bonds partially offset by interest expense and dividends.

Net cash used in financing activities for the year ended 31 December 2013 was U.S.$304.3 million. This amount was primarily the result of interest expense and dividends paid.

Net cash used in financing activities for the year ended 31 December 2012 was U.S.$3,544.8 million. This amount primarily reflected the repayment of the revolving loan facility as well as interest expense and dividends paid.

***Capital Expenditures***

*The following discussion of the Group's capital expenditures relates to all consolidated terminals. Capital expenditures include the Group's investing in plant and equipment relating to its business but do not include investments in real estate relating to its operations.*

For the years ended 31 December 2012, 2013 and 2014, the Company had capital expenditures of U.S.$685.0 million, U.S.$1,063.4 million and U.S.$807 million, respectively.

Total capital expenditure for the year ended 31 December 2012 was U.S.$685 million, of which 27 per cent. was spent on the expansion of new capacity in existing terminals and 56.6 per cent. was spent on the development of new terminals. The Group's capital expenditures were significantly lower than expected in 2012 as some of the Group's planned capital expenditure in 2012 occurred in 2013, although this was simply a function of when equipment was invoiced and paid for.

Total capital expenditure for the year ended 31 December 2013 was U.S.$1,063.4 million, of which almost 33.1 per cent. was spent on the expansion of new capacity in existing terminals, such as the Jebel Ali facility in the UAE, and 50.2 per cent. was spent on the development of new terminals, including the Group's greenfield DP World London Gateway port and logistics park project in the U.K. and Embraport in Brazil.

Total capital expenditure for the year ended 31 December 2014 was U.S.$807 million, of which 61 per cent. was spent on the expansion of new capacity in existing terminals and 23.5 per cent. was spent on the development of new terminals. In 2014, the Group added 2 million TEU of new capacity at Terminal 3 at its flagship Jebel Ali facility in the UAE. Total capital expenditures in 2014 were below the Group's initial projection mainly due to equipment delays, which meant the second phase of Terminal 3 in Jebel Ali was pushed into 2015. The Group now expects the second phase of Terminal 3, which will add another 2 million TEU of capacity and take total Jebel Ali capacity to 19 million TEU, to be fully operational by the end of 2015. In 2015, in addition to Jebel Ali Terminal 3 phase 2, the Group looks forward to adding further capacity in Rotterdam (Netherlands), Mumbai (India) and Yarimca (Turkey), while it continues to work on the third berth at DP World London Gateway port (U.K.).

Overall in 2014 the Group added approximately 5 million TEU of new gross capacity and 3 million TEU of consolidated capacity to take its total gross and consolidated capacity to 76.1 million and 37.9 million TEU, respectively. By the end of 2015 the Group expects to have approximately 85 million TEU of gross capacity globally and its aim by 2020 is to be operating over 100 million TEU of gross capacity subject to demand. The Group intends to maintain the existing shape of its portfolio with approximately a 70 per cent. exposure to O&D cargo and 75 per cent. exposure to faster growing markets.

In the developed markets the Group has invested in the DP World London Gateway port, which offers a state-of-the art facility to meet the future demands of the industry. The DP World London Gateway port provides an efficient link between deep-sea shipping and London, the largest consumer market in the U.K., and the Group is seeing an increasing number of shipping lines calling at the Group's facility.

In faster growing markets the Group has invested in the largest multi-modal terminal in Brazil (Embraport), which is in the port of Santos, 80 kilometres away from Sao Paulo, the country's most populous city. The Group's terminal has seen encouraging demand since opening.

Alongside investing for the sustainable growth of its business, the Group also continually reviews its portfolio, disposing of or monetising assets where it makes strategic sense to do so. In 2013, the Group monetised some of its Hong Kong assets, which subsequently reduced leverage and enabled the recycling of capital into markets that offer the potential to generate higher returns.

The Group remains fully committed to meeting the long-term market demand for capacity expansion. However, the Group will continue to take a cautious approach, investing in new capacity in line with market demand. Capital expenditure in 2015 is expected to increase from 2014 levels, partly as a function of budgeted capital expenditures for 2014 occurring in 2015. From 2016 onwards the Group expects capital expenditure, including maintenance capital expenditure, to reduce from the amounts in 2015. As a result, the Group expects that capital expenditure is likely to be in the region of U.S.$1.4 billion and U.S.$1.7 billion for 2015 and between U.S.$500 million and U.S.$700 million per annum in 2016 and 2017.

The Group expects to finance its future commitments for capital expenditures for capacity increases or expansion projects, including in respect of the Group's eight new developments and major expansion projects, through cash from operations, as well as debt financing or equity to the extent necessary. Where available, the Group intends to finance terminal development through non-recourse debt at the relevant terminal operating company level. The Group intends to finance expansion projects through cash from operations and additional funding, if required. In addition, the Group may elect or be required to make additional capital expenditures related to its concessions in the future and, as a result, the Group's future capital expenditures may be significantly higher than the amounts indicated under "*– Liquidity and Capital Resources – Contractual Obligations*" above. The Group believes that its operating cash flows and borrowing capacity, taken together, provide adequate resources to fund capital expenditures relating to the Group's ongoing operations and future investments associated with the expansion of its business for the foreseeable future.

***Indebtedness***

Indebtedness of the Company outstanding as of 31 December 2014 was U.S.$5,855.0 million, and was comprised principally of:

*Syndicated Loan Facility*

On 30 June 2014, the Company entered into agreements documenting unsecured syndicated conventional and murabaha term and revolving loan facilities (the "**Syndicated Facilities**") between, amongst others, the Company, Barclays Bank PLC, Citibank N.A., London Branch, Deutsche Bank, Emirates NBD Bank PJSC, HSBC Bank Middle East Limited, J.P. Morgan Limited, National Bank of Abu Dhabi PJSC, Samba Financial Group, Dubai Branch, Société Générale, The Bank of Nova Scotia Asia Limited and Union National Bank PJSC as conventional mandated lead arrangers and bookrunners, Abu Dhabi Commercial Bank PJSC, Credit Industriel Et Commercial, London Branch, DNB Bank ASA, Mashreqbank psc and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as conventional mandated lead arrangers, Dubai Islamic Bank PJSC, First Gulf Bank PJSC and Noor Islamic Bank PJSC as murabaha arrangers and bookrunners, Deutsche Bank Luxembourg S.A. as conventional facility agent, Noor Islamic Bank PJSC as murabaha investment agent and Deutsche Bank Luxembourg S.A, as global agent (the "**Syndicated Facilities Documentation**").

The Syndicated Facilities comprise U.S.$3,000,000,0000 multicurrency facilities made up of: (i) a U.S.$1,000,000,000 conventional term loan facility with a final maturity date of 30 June 2017 ("**Facility A**"); (ii) a U.S.$1,390,000,000 conventional revolving credit facility with a final maturity date of 30 June 2019 ("**Facility B**"); and (iii) a U.S.$610,000,000 Islamic revolving murabaha facility with a final maturity date of 30 June 2019 (the "**Murabaha Facility**"). The Syndicated Facilities are permitted to be used for the general corporate purposes of the Company and its subsidiaries. Interest/profit on the Syndicated Facilities is payable based on a specified margin over either EURIBOR or LIBOR.

*Repayment and Voluntary Prepayments.* All outstanding borrowed amounts under Facility A, Facility B and the Murabaha Facility must be repaid on the applicable final maturity date. The Syndicated Facilities Documentation provides for voluntary prepayments of outstanding borrowed amounts and voluntary cancellations of unutilised commitments on customary terms. Amounts prepaid under either Facility B or the Murabaha Facility may be reborrowed. However, amounts prepaid or repaid under Facility A may not be reborrowed. The Syndicated Facilities Documentation also contains mandatory prepayment provisions which the Company believes are usual and customary for facilities of this type.

*Change of Control*. The Syndicated Facilities Documentation contains a mandatory prepayment change of control provision whereby an individual lender/murabaha participant can call for repayment of its share of outstanding borrowings if the Government ceases to own, either directly or indirectly, at least 50 per cent. of the issued share capital of the Company or otherwise ceases to control, either directly or indirectly, the Company.

*Undertakings and Covenants.* The Syndicated Facilities Documentation contains affirmative and negative undertakings which the Company believes are usual and customary for facilities of this type. In addition, the Syndicated Facilities Documentation contains a total net debt to consolidated total net debt plus equity financial covenant, where equity refers to the amount of equity on the balance sheet of the Company.

*Events of Default.* The Syndicated Facilities Documentation contains certain customary events of default.

*U.S.$1,000,000,000 Convertible Bond Due 2024*

On 19 June 2014, the Company issued senior unsecured convertible bonds due 2024 with a principal amount of U.S.$1,000,000,000 (the "**Convertible Bonds**") convertible into 36.85 million ordinary shares of the Company. The Convertible Bonds are currently listed on the Frankfurt Stock Exchange and bear interest at an annual rate of 1.75 per cent. The Convertible Bonds include an investor put option which can be exercised at par in June 2018 (year 4) and in June 2021 (year 7). There is also an issuer call option which can be exercised from July 2017 onwards (year 3), subject to a 130 per cent. trigger on the conversion price of U.S.$27.14.

*Ranking.* The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Company save, in the event of a winding up, for such obligations that may be preferred by provisions of law that are mandatory and of general application.

*Change of Control.* Upon the occurrence of a change of control, each holder of the Convertible Bond has the right to require the Company to either: (i) redeem its Convertible Bond at par plus accrued interest; or (ii) convert the Convertible Bonds into ordinary shares of the Company. A change of control shall occur if the Government (a) ceases to hold (directly or indirectly) at least 50 per cent. of the Company's issued share capital, or otherwise ceases to control (directly or indirectly) the Company (for example, by way of control of the board of directors), or (b) owns, directly or indirectly, more than 85 per cent. of the Company.

*Restrictive Covenants.* The Convertible Bonds have the benefit of a negative pledge which is usual and customary for debt securities of this type. Subject to certain exceptions in respect of project finance indebtedness and securitisation indebtedness, none of ordinary shares of the Company or any of its subsidiaries is permitted to grant security over capital markets securities, unless at the same time it grants the same security to the Convertible Bonds.

The negative pledge does not apply to permitted security, which includes, for example, secured debt securities of a target entity provided that such entity is merged into or consolidated into the Company or any of its subsidiaries, or security over property or assets subsequently acquired by a member of the Group as long as the security was not created in contemplation of the acquisition.

*Events of Default.* The Convertible Bonds are subject to certain customary events of default, and upon the occurrence of an event of default, the Convertible Bonds are redeemable at par plus accrued interest.

*U.S.$1,750,000,000 6.85 per cent. Notes Due 2037*

On 2 July 2007, the Company issued U.S.$1,750,000,000 aggregate principal amount of Notes due 2037 bearing interest of 6.85 per cent. per annum (the "**2007 Senior Notes**") under the Programme. The 2007 Senior Notes mature on 2 July 2037 and are listed on the London Stock Exchange and the NASDAQ Dubai.

*Ranking.* The Senior Notes are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company's existing and future senior indebtedness and senior in right of payment to all of the Company's existing and future senior subordinated debt.

*Repayment and Redemption.* Upon the occurrence of a change of control of the Company, each holder of the 2007 Senior Notes has the right to require the Company to repurchase such holder's 2007 Senior Notes at a purchase price in cash equal to 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date. Subject to certain limited exceptions, the 2007 Senior Notes may not be redeemed at the Company's option prior to maturity. Unless previously redeemed or purchased and cancelled, the Senior Notes must be redeemed at par on the maturity date.

*Change of Control.* The Programme is subject to a change of control covenant whereby the Government must continue to own, directly or indirectly, at least 50 per cent. of the Group's issued share capital.

*Covenants.* The Programme contains affirmative and negative undertakings that the Group believes are usual and customary for debt securities of this type and which are similar to those relating to the Notes offered hereunder.

*Events of default.* The Senior Notes are subject to certain customary events of default that, if any of them occurs, would permit the principal of and accrued interest on the 2007 Senior Notes to be declared due and payable.

*U.S.$1,500,000,000 Trust Certificates (Sukuk Al-Mudaraba) Due 2017*

On 2 July 2007, DP World Sukuk Limited, a Cayman Islands special purpose vehicle ("**DP World Sukuk**"), issued U.S.$1,500,000,000 face amount of Trust Certificates due 2017 (the "**Certificates**"). The Certificates mature on 2 July 2017 and are listed on the London Stock Exchange and on NASDAQ Dubai. The Certificates evidence an undivided beneficial ownership interest in certain assets held in trust. The proceeds from the Certificates were invested in the Company's business activities in accordance with an agreed investment plan. Each holder of the Certificates is entitled to periodic distribution amounts in an amount equal to 6.25 per cent. per annum on the aggregate principal amount of Certificates held by such holder. To the extent that the amount of profit generated through the investment plan is less than the amount necessary to make such periodic distribution amounts, the Company (as Mudareb under the Certificates) is required to provide Shari'a compliant liquidity financing to ensure that sufficient funds are available to pay such periodic distribution amounts. To the extent that the amount of profit generated through the investment plan is greater than the amount necessary to make such periodic distribution amounts, the Company is entitled to retain such excess amount for its own account by way of an incentive fee for acting as Mudareb.

*Ranking*. The Certificates are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company's existing and future senior indebtedness and senior in right of payment to all of the Company's existing and future senior subordinated debt.

*Redemption.* Upon the occurrence of a change of control of the Company, each holder of the Certificates has the right to require DP World Sukuk to redeem any or all of such holder's Certificates at a purchase price in cash equal to 100 per cent. of the aggregate principal amount thereof, plus accrued and unpaid periodic distribution amounts, if any, to the redemption date. Subject to certain limited exceptions, the Certificates may not be redeemed at DP World Sukuk's option prior to maturity. Unless previously redeemed or purchased and cancelled, the Certificates must be redeemed at par on the scheduled redemption date. Prior to any such redemption date, the Company will purchase all or, in the case of a partial redemption, part of the trust assets for an amount equal to the 100 per cent. of the aggregate principal amount of the Certificates being redeemed, plus accrued and unpaid periodic distribution amounts, if any, to the redemption date.

*Change of Control.* The DP World Sukuk is subject to a change of control covenant whereby the Government must continue to own, directly or indirectly, at least 50 per cent. of the Group's issued share capital.

*Covenants*. The DP World Sukuk contains affirmative and negative undertakings that the Group believes are usual and customary for debt securities of this type and which are similar to those relating to the Notes offered hereunder.

*Dissolution Event*. The Certificates are subject to certain customary dissolution events that, if any of them occurs, would permit the holders of at least 20 per cent. in aggregate principal amount of Certificates then outstanding to require the trust to be dissolved and all Certificates redeemed for an amount equal to the

100 per cent. of the aggregate principal amount thereof, plus accrued and unpaid periodic distribution amounts, if any, to the redemption date.

***Contractual Obligations***

The following table presents the Company's contractual obligations as of 31 December 2014.

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **3-5 years** | **More than 5 years** | **Total** |
| | *(U.S. dollars in thousands)* | | | | |
| Debt obligations[1] | (491,221) | (496,996) | (2,864,655) | (5,776,253) | (9,629,125) |
| Financial lease obligations | (9,087) | (16,927) | (9,866) | (8,836) | (44,716) |
| **Total** | (500,308) | (513,923) | (2,874,521) | (5,785,089) | (9,673,841) |

(1) In addition to the above obligations, as at 31 December 2014 the Company's contracted capital expenditure commitments totalled U.S.$698.3 million. The terms of such contracts, however, allow a degree of flexibility with respect to the timing of such expenditures.

**Off-Balance Sheet Arrangements**

The Group does not have any off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on its financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

**Quantitative and Qualitative Disclosures about Market Risk**

***Interest Rate Risk***

The Group's exposure to interest rate risks is primarily through long-term debt obligations that carry a fixed/floating interest rate and bank deposits. The Group's policy is to manage interest rate risk by entering into interest rate swap agreements designed to hedge its underlying debt obligations.

The Group issued three fixed rate bonds, the ten year DP World Sukuk with a profit rate of 6.25 per cent., the 30 year 2007 Senior Notes with a coupon of 6.85 per cent. and the Convertible Bonds with a coupon rate of 1.75 per cent. These collectively represent U.S.$4,000.0 million of the Group's outstanding debt as at the reporting date. As of 31 December 2014, approximately U.S.$1,764 million of the Group's financial instruments carried interest at floating rates before taking into account interest rate swaps. As of 31 December 2014, after taking into account the effect of interest rate swaps, approximately 93 per cent. of the Group's total loans and borrowings carried fixed interest rates. As of 31 December 2014, a 1 per cent. increase or decrease in the interest associated with variable interest bearing loans and borrowings would have resulted in a change in the Group's interest expense of approximately U.S.$28.5 million in the profit/loss account.

***Credit Risk***

The Group seeks to trade only with recognised, 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 may be 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.

With respect to credit risk arising from the Group's other financial assets, which comprise 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 risk 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.

***Liquidity Risk***

The Group has cash balances and undrawn committed facilities to provide liquidity as required. 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. As of 31 December 2014, committed undrawn facilities totalled U.S.$3,627.2 million. See "*Liquidity and Capital Resources – Working Capital and Indebtedness – Revolving Credit Syndicated Facility*" above for a description of the Syndicated Loan Facility. See "*Recent Developments*" for a description of recent borrowings.

***Currency Risk***

The Company's functional currency is UAE dirhams and its presentation currency is the U.S. dollar. The functional and reporting currency of the Group's subsidiaries, affiliates and associates varies depending on their geographic location. Accordingly, the Group is exposed to risks related to the translation of assets and liabilities denominated in currencies other than, or not pegged to, the U.S. dollar.

As of 31 December 2014, 65 per cent. of the Group's net operating assets were denominated in foreign currencies (i.e., other than the functional currency of the Company, UAE dirhams). The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated and hedges such as foreign exchange forward contracts and cross currency swaps.

In addition to these translation risks, the Group is exposed to transaction risks as a result of differences in the currency mix of its operating expenses, on the one hand, and revenue, on the other hand. As a result, a depreciation or appreciation of a particular local currency against the U.S. dollar could have either a positive or negative impact on both the Group's balance sheet and its profit margin and therefore the Group's profit for the year.

The Group operates in some locations where the local currency is fixed to the Group's presentation currency of U.S. dollar further reducing the risk of currency movements.

For additional discussion of the impact of foreign currency transactions and translations on the Group's results of operations, see Note 6 (*Financial Risk Management*) to the DPW 2014 Financial Statements.

**Critical Accounting Policies and Estimates**

The preparation of the Group's financial statements in conformity with IFRS requires the Group to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Those estimates and judgments are based on historical experience, available information, future expectations and other factors and assumptions that the Group believes are reasonable under the circumstances. The Group reviews its estimates and judgments on an ongoing basis and revises them when necessary. Actual results may differ from the original or revised estimates. Summaries of the Group's significant accounting policies are contained in Note 4 (*Summary of Significant Accounting Policies*) to the DPW 2014 Financial Statements. A description of the Group's most critical policies, which the Group believes involve a significant degree of judgment or complexity or are areas where assumptions and estimates are significant to the preparation of its financial statements, follows.

***Accounting for Impairment of Assets***

*Impairment of Goodwill*

The Group has U.S.$1448.2 million of goodwill as of 31 December 2014. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a

suitable discount rate in order to calculate the present value of those cash flows. These estimates can be significantly affected by future changes in market conditions, the economic environment and inflation.

*Impairment of Other Port Concession Rights*

As of 31 December 2014, the Group had other port concession rights on its balance sheet of U.S.$2,779.3 million. The Group assesses the impairment of its port concession rights, which principally comprise its concessions, when there is an indication that an impairment loss may exist and at least annually. The impairment review compares the estimated recoverable amount to the carrying amount of the asset. The recoverable amount is the higher of the estimated fair value less cost to sell or the asset's value-in-use. To estimate these values, the Group uses the estimated market value or discounted cash flows, as relevant. An impairment loss is recognised when the recoverable amount of such asset is less than the carrying value of the asset. Estimates of future cash flows are judgments based on the Group's experience and knowledge of its operations and the industries in which it operates. The Group also estimates the useful lives of other finite lived port concession rights based on estimates of the economic benefit expected to be received from the acquired assets, which could differ from actual results. These estimates can be significantly affected by future changes in market conditions, the economic environment and inflation.

*Provision for Income Taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax claims based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*Useful Life of Property, Plant and Equipment*

The useful life of property, plant and equipment is determined by the Group's management based on their estimate of the period over which an asset is expected to be available for use by the Group. This estimate is reviewed and adjusted if appropriate at each financial year end.

*Available for Sale Financial Assets*

Equity investments are impaired when objective evidence of impairment exists. A significant or prolonged decline in fair value of an investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20 per cent. will be considered as significant and a decline of over nine months will be generally considered as prolonged.

*Impairment of Accounts Receivable*

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recover rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

*Pension and Post Employment Benefits*

The cost of defined benefit pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

# RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or significant influence, i.e. part of the same parent group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, PFZW, Dubai World and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis. Dubai World operates a shared services unit ("**SSU**") which recharges the proportionate costs of services provided to the Group. SSU also processes the payroll for the Company and certain subsidiaries and recharges the respective payroll costs.

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

| | Year ended 31 December 2014 | | |
|---|---|---|---|
| | **Equity-accounted investees** | **Other related parties** | **Total** |
| | *(Audited)* | | |
| | *(U.S. dollars in thousands)* | | |
| *Expenses charged:* | | | |
| Concession fee | – | 48,169 | 48,169 |
| Shared services | – | 212 | 212 |
| Other services[1] | – | 24,838 | 24,838 |
| *Revenue earned:* | | | |
| Management fee income | 21,437 | – | 21,437 |
| Interest income | 18,463 | – | 18,463 |
| *Liabilities settled and recharged:* | – | 5,179 | 5,179 |

(1) Other services includes mainly marine services fee, property management fee and IT services.

(1) Management fee income relates to management fee charged to various joint venture associates in accordance with the management fee agreements with these entities.

| | Year ended 31 December 2013 | | |
|---|---|---|---|
| | **Equity-accounted investees** | **Other related parties** | **Total** |
| | *(Audited)* | | |
| | *(U.S. dollars in thousands)* | | |
| *Expenses charged:* | | | |
| Concession fee | – | 48,169 | 48,169 |
| Shared services | – | – | – |
| Other services[1] | – | 30,574 | 30,574 |
| *Revenue earned:* | | | |
| Management fee income | 19,946 | – | 19,946 |
| Interest income | 19,076 | – | 19,076 |
| *Liabilities settled and recharged:* | – | 2,877 | 2,877 |

(1) Other services includes mainly marine services fee, property management fee and IT services.

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

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | Due from related parties | | Due to related parties | |
| | 2014 | 2013 | 2014 | 2013 |
| | *(Audited)* | | | |
| | *(U.S. dollars in thousands)* | | | |
| Dubai World | 2,188 | 2,114 | 188 | 377 |
| PFZW | 54,426 | 54,304 | – | – |
| Equity-accounted investees | 148,797 | 145,755 | 303 | 57 |
| Other related parties | 19,221 | 24,382 | 7,306 | 7,739 |
| | 224,632 | 226,555 | 7,797 | 8,173 |

Guarantees issued on behalf of equity-accounted investees amount to U.S.$27.7 million (2013: U.S.$81.4 million).

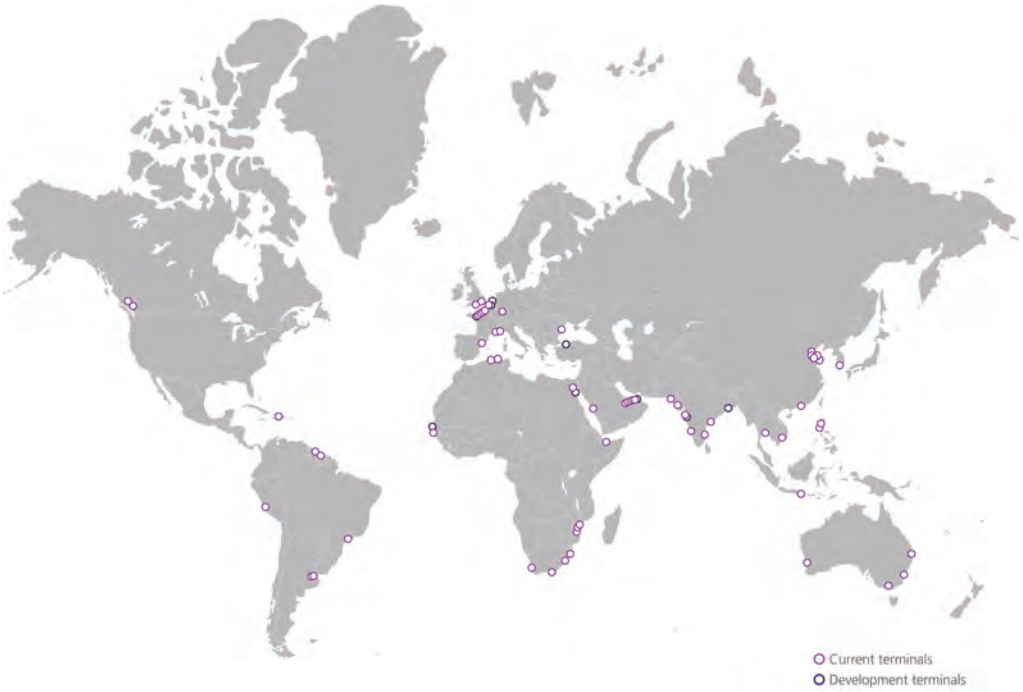
The Group acquired Dubai Trade FZE and World Security FZE during 2014. These business combinations were accounted under common control acquisitions (see Note 34 (*Business Combinations*) to the DPW 2014 Financial Statements).

# DESCRIPTION OF DP WORLD

**Overview**

The Group is one of the largest container terminal operators in the world by capacity and throughput, as well as one of the most geographically diversified. As at 31 December 2014, the Group managed a portfolio of more than 65 container and non-container terminals across six continents, including new developments underway in Africa, Europe, India and the Middle East. The Group's portfolio has an average concession life of approximately 40 years. As at and for the year ended 31 December 2014, the Group's portfolio had a gross capacity of 76.1 million TEU and generated gross throughput of 59.9 million TEU; for the same period, the Group generated revenue from operations (which does not include revenue attributable to its joint ventures and associates) of U.S.$3,411.0 million (excluding SDIs) and an Adjusted EBITDA of U.S.$1,588.1 million.

The following map sets out the locations of the Group's terminals worldwide:




The Group reports across the following three geographical segments:

***Middle East, Europe and Africa***

- UAE – the Group's UAE operations are at the core of its portfolio and are comprised of six operating terminals, including the Group's flagship terminal at DP World Jebel Ali in Dubai which is currently undergoing major expansion and is expected to be the fifth largest terminal in the world by the end of 2015.
- Middle East (excluding UAE) and Africa – the Group currently has 13 operating terminals in seven countries in the Middle East and Africa, with development projects underway in Egypt and Senegal.
- Europe – the Group operates 11 operating terminals in eight countries, including the new DP World London Gateway port in the United Kingdom. The Group also has development projects in Belgium, France, The Netherlands and Turkey.

***Asia-Pacific and Indian subcontinent***

- Asia-Pacific – the Group has an extensive network of 12 operating terminals in six countries throughout the Asia-Pacific region.
- Indian subcontinent – with five operating terminals in India and one in Pakistan, the Group has the largest presence of any container terminal operator in the Indian subcontinent region, and currently has two projects under development in India, including in Nhava Sheva.

*Australia and Americas*

- Australia – the Group has four operating terminals in Australia, including the country's busiest and largest terminal at the Port of Melbourne.
- Americas – the Group's Americas portfolio is comprised of nine operating terminals in six countries (including a new development that is now operational at Embraport in Santos (Brazil)).

The following table provides information regarding the number of operating terminals as well as the gross throughput for the year ended, and gross capacity as of, 31 December 2014, for the Group's terminal portfolio:

| | As at and for the year ended 31 December 2014 | | |
|---|---|---|---|
| **Reporting segment** | **Terminals** | **Gross throughput** | **Gross capacity[1]** |
| | *(TEU in millions, except number of terminals)* | | |
| Middle East, Europe and Africa | 30 | 25.0 | 34.1 |
| Asia-Pacific and Indian subcontinent | 18 | 27.9 | 32.9 |
| Australia and Americas | 13 | 7.0 | 9.1 |
| **Total** | 61 | 59.9 | 76.1 |

(1) On a consolidated basis, total capacity at 31 December 2014 was 37.9 million TEU (reflecting capacity of consolidated subsidiaries).

The Group's principal executive offices are located at JAFZA 17, Jebel Ali Free Zone, Dubai, UAE. The Group's registered office is PO Box 17000, Dubai, UAE and its telephone number is +971 4 881 1110. The Group's website address is www.dpworld.com. The information contained on this website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

**History**

The Company was incorporated in the DIFC on 9 August 2006 for the purpose of becoming the holding company for the ports-related commercial activities of Dubai World. On 1 January 2007, DP World FZE and Thunder FZE, which is the holding company for P&O, were transferred to the Company from Dubai Ports Authority, an affiliate of the Company. Prior to the transfer of DP World FZE and Thunder FZE, the Company did not have any operations. As a result of the transfer, the Company, together with its operating subsidiaries, conducts all of the ports-related commercial activities of Dubai World. Dubai Ports Authority continues to conduct all of the ports-related regulatory activities of the Government. Such regulatory activities have not been and will not be transferred to the Company.

As described below, as a result of the winning of new concessions around the world and the Group's acquisitions of CSX World Terminals ("**CSX WT**"), P&O and the EZW Group, the Group's business has been transformed from one focused principally on container terminal operations located primarily in the UAE to a truly global container terminal business.

***Regional and international growth in container terminal operations***

In 1999, the Group formed a wholly-owned subsidiary, Dubai Ports International FZE, to manage and operate container terminals and other facilities outside of Dubai. The Group's first international project was at Jeddah Islamic port (Kingdom of Saudi Arabia), where the Group, in collaboration with a local partner, began container terminal operations in September 1999. In June 2000, the Group won the contract to manage the entire Port of Djibouti and Djibouti Airport in Djibouti, including its marine, bulk and container operations, logistics zone and administration. The Group expanded its international footprint with concession wins worldwide, including at Visakhapatnam port (India) in 2002, Constanta (Romania) in 2003, Cochin (India) in 2004, Saigon (Vietnam) in October 2009, Callao (Peru) in May 2010, Santos (Brazil) in July 2013 and DP World London Gateway port (United Kingdom) in November 2013. As at 31 December

2014, the Group had a combined portfolio of more than 65 container and non-container terminals across six continents, including new developments underway in Africa, Europe, India and the Middle East.

***Regional and international expansion through acquisitions***

*CSX WT*

In February 2005, the Group acquired CSX WT, the international terminal business of CSX Corporation, for U.S.$1.2 billion (the "**CSX WT Acquisition**"). CSX WT was a leading global container terminal operator with key strategic assets in some of the world's fastest growing markets, including Asia and South America. The CSX WT Acquisition represented an important step in the Group's global expansion strategy by increasing its international presence in the container terminal industry and enhancing its geographic diversification.

*P&O*

In March 2006, the Group acquired Peninsular & Oriental Steam Navigation Company ("**P&O**") for U.S.$7.2 billion (the "**P&O Acquisition**"). P&O was a leading global container terminal operator and the P&O Acquisition represented a unique opportunity to significantly increase the Group's global network and market position by incorporating P&O's largely complementary portfolio of terminals in Asia, India, Australia, the Americas, Europe and Africa into the Group's portfolio of terminals.

*EZW Group*

On 16 March 2015, the Company acquired the EZW Group from PFZW for cash consideration of U.S.$2.6 billion (subject to certain adjustments). The Acquisition agreement contained certain conditions precedent to completion relating to the transfer by novation of certain arrangements involving the EZW Group (the "**Carve-Out Conditions**") pursuant to which:

- certain receivables due to EZW from third parties (the "**Third Party Receivables**") were novated to PFZW for no consideration with the result that PFZW became entitled to the Third Party Receivables; and
- in 2013, EZW sold the majority of its shares in a company then known as EZW Gazeley Holdings Limited ("**Gazeley**") (together with certain related instruments) to a fund managed by an affiliate of Brookfield Asset Management, Inc. In connection with that sale, EZW retained a number of rights (such as entitlements to additional consideration) and liabilities (such as pursuant to warranties and indemnities given by it as well as various other matters), as well as a small shareholding. These arrangements were novated to PFZW and EZW's remaining shareholding in Gazeley was transferred to PFZW.

The Group believes that JAFZ is a strategically important asset and the Acquisition has resulted in the formation of the leading integrated port and free zone in the Middle East region. The Acquisition allowed the Group to enhance its port and logistics offering to its customers in Dubai by strengthening the integration between the Company's flagship Jebel Ali port in Dubai and EZW Group's primary business unit, JAFZ, and optimising investment levels in both locations. The Acquisition also protected the Jebel Ali port against the risk of potential third-party ownership of JAFZ, as well as continued the Group's track record of investment in Dubai, as a regional hub, to strengthen its leadership in the high-growth Middle East region. See "*Description of EZW Group*".

**Listing of Shares**

On 26 November 2007, the entire issued share capital of the Company was admitted to the Official List of Securities of the NASDAQ Dubai Stock Exchange ("**NASDAQ Dubai**"). In June 2011, the Company's shares were admitted to trading on the Main Market of the London Stock Exchange (the "**London Listing**"). A key driver for obtaining a dual listing for the Company was to allow investors who at that time were unable to invest in the Company through NASDAQ Dubai access to the Company through an alternative stock exchange.

However, due to:

- a significantly higher number of international investors holding the Company's shares through NASDAQ Dubai (being approximately 99 per cent. of the entire issued share capital of the Company as at 30 September 2014);
- minimal trading of the Company's shares on the London Stock Exchange (being approximately 1 per cent. of the total trading volumes during the period from 2 September to 1 October 2014); and
- UAE being moved from frontier to emerging market status under the MSCI index classification system in May 2014,

the Directors believed that the additional regulatory and administrative burden, and the incremental costs, associated with the London Listing had become disproportionate to the benefits accruing to the Company and its shareholders from the London Listing. As a result, the Directors and the Company's shareholder approved delisting of the Company's issued share capital from the London Stock Exchange and the delisting became effective on 21 January 2015.

**Shareholders**

The following table sets forth the beneficial owners of, and their respective interests in, the ordinary shares of the Company as at the date of this Base Prospectus:

| | As at the date of this Base Prospectus | |
|---|---|---|
| **Shareholder** | **Number of shares** | **Issued share capital (%)** |
| PFZW[1] | 667,735,000 | 80.450 |
| Public shareholders | 162,212,241 | 19.544 |
| Directors and senior managers | 56,759 | 0.006 |
| **Total** | 830,000,000 | 100 |

(1) PFZW is a free zone establishment formed and registered under the laws promulgated by JAFZA. PFZW is controlled by Dubai World, which is a holding company owned by the Government.

Each of the ordinary shares held by PFZW has the same voting rights attached to it as one of the ordinary shares held by any other holder.

Other than PFZW, the Group is not aware of any shareholder that, directly or indirectly, jointly or severally, owns or could exercise control over the Company.

**Competitive Strengths**

The Group has built its global container terminal business through the combination of its regional and international operations, the CSX WT acquisition and the P&O acquisition, as well as the completion of the Acquisition and recent new developments and new concessions. The Group believes its network of more than 65 container and non-container terminals, including new developments underway in Africa, Europe, India and the Middle East, provides it with complementary strengths, which together position it as a market leader in the global container terminal industry. In particular, the Group believes that its business is characterised by the following key competitive strengths:

***Stable and long-term cash flow***

The Group believes that its portfolio benefits from a focus on O&D throughput. O&D throughput is cargo that has to either go to, or be collected from, a particular terminal because of its proximity to the point of consumption or distribution. Because O&D throughput is usually handled most cost-effectively by one port, normally closest to the point of consumption or production, O&D throughput is less likely to be lost to competitors and less price sensitive than transhipment throughput. In addition, the Group operates its

business through long-term concessions (with an average concession life of around 40 years), enabling better returns as the Group's assets mature. In addition, JAFZ benefits from stable and recurrent revenue from diverse sources, as a result of which JAFZ benefits from low volatility of operating income (see "*Description of EZW Group – JAFZ – Business activities*").

***Growth rates***

Approximately 70 per cent. of gross throughput in the Group's portfolio of terminals comes from countries that are considered to be Emerging or Frontier Markets, which include the Middle East and Africa, South America, South Asia and the Far East (as such terms are defined by the MSCI Frontier and Emerging Market indices). On a *pro forma* basis and assuming that the Acquisition had become effective on 1 January 2014, 72.7 per cent. of the Group's revenue, excluding SDIs, would have been related to its operations located in the Middle East, Europe and Africa financial reporting segments (with the increase being almost entirely related to operations in the UAE since the EZW Group's revenues are largely derived from the Free Zone). These economies are generally seen to be higher growth areas, growing by approximately 4.7 per cent. in 2013, with projected growth of 4.4 per cent. and 5.0 per cent. in 2014 and 2015, respectively (*source*: IMF World Economic Outlook, October 2014). The Group's focus on faster growing emerging markets coupled with more resilient O&D cargo enables the Group to grow volumes across its portfolio.

Moreover, the Group has extensive experience in developing new capacity around the globe, including constructing new terminals from both greenfield and brownfield sites, as a result of winning new concessions for operational terminals and through the expansion of terminals within its own portfolio. In addition to the Group's existing portfolio increasing incremental capacity in line with customer demand, it currently has eight new developments and major expansion projects. These new development and major expansion projects give the Group flexibility to increase its existing gross capacity to over 100 million TEU by 2020, subject to market demand. Of this, approximately 55 million TEU will be consolidated.

***High barriers to entry***

The Group's major terminals enjoy leading positions in their respective geographic markets. Further, at these terminals, there are limited opportunities for competition from other port operators, other ports or other terminals within the same ports due to high barriers to entry. Some of these barriers include the limited number of port sites, the limited number of concessions available, government controls and high terminal construction costs. In particular, with the completion of the Acquisition, the Group believes its ability to offer an "integrated port management" model at the Jebel Ali port by combining container handling facilities with economic free zones and infrastructure developments is a key differentiating factor relative to competition. The efficiencies promoted by Jebel Ali port's integrated logistics offering include two to three days road transit to anywhere in the GCC, which is considered a short transit time in the air cargo industry, and the ability to transport cargo to airport within 45 minutes of discharge from the Jebel Ali port.

In addition, the Group's long-term concession agreements also provide high barriers to entry and support long-term relationships with port authorities, shipping lines and joint venture partners. This means that there are few substitutes for the Group's services and the Group's business benefits from long-term GDP growth trends.

***Global network, managed locally***

The Group's terminals are managed locally and are supported operationally by the advantages of the Group's global network. With more than 65 container and non-container terminals across six continents, including new developments underway in Africa, Europe, India and the Middle East, and approximately 8.4 per cent. of global market share of container port throughput on a gross throughput basis as at 31 December 2013 (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2014), the Group believes that it has the most geographically diversified portfolio of terminals in the industry. The Group's asset base includes a diverse mixture of both established and newer terminals and a number of greenfield and brownfield projects that it is in the process of developing (including in The Netherlands and Turkey). The Group believes that this combination of development sites and fully operating facilities is key to facilitating its future growth strategies and ensuring that it is well positioned to meet its customers' requirements.

***Operational excellence***

The Group seeks to improve its operational efficiency and increase the capacity of its existing facilities by investing in advanced handling equipment. The Group is one of the innovators in the container terminal industry and has been successful in developing and enhancing container terminal capacity and efficiency in the regions in which it operates based on the needs and attributes of particular terminals while maintaining stringent safety standards. In 2014, the frequency of injuries per million hours worked, or lost time injury frequency rates, fell by 48.5 per cent. compared to 2009. During the same period, gross moves per hour (i.e., number of containers moved over the quay from and to a ship divided by the sum of hours in period, for all cranes, between first lift and last lift) increased by approximately 11 per cent. In light of the Group's increasing focus on automation (see "*Corporate Strategy – Strategic priorities*"), the Group believes that further improvements in its productivity and asset utilisation are possible over the coming years.

***Experienced and international management team***

The Group's global business is run out of its head office in Dubai by the Company's Executive Committee (as set out under "*Management – Senior Management*"), who have significant industry experience. In addition, the Group's local operations are divided across three geographic areas, each managed by a senior executive, who has significant experience in the container terminal industry and extensive local and regional knowledge at the local level. Each senior executive is supported by a highly experienced team of local container terminal managers.

***Recognised brand***

The Group is a recognised brand for delivering excellent customer service, with a commitment to good corporate governance and corporate responsibility. The Group's international achievements were recognised by the Group being awarded, in 2014, the "Best Seaport – Middle East" award for its flagship Jebel Ali port for the 20th consecutive year at the Asian Freight and Supply Chain Awards, the "Leading Cruise Port – Middle East" award for the Mina Rashid port for the seventh consecutive year at the World Travel Awards and the "Port of the Year" award for the Jebel Ali port for the sixth consecutive year at the Supply Chain and Transport Awards.

**Corporate Strategy**

The Group seeks to facilitate trade through strengthening global supply chains, generating sustainable economic growth and maximising shareholder value. The Group communicates its business purpose and defines its corporate culture through its vision, mission and values, while it plans its strategy and measures its performance globally through the balanced scorecard framework.

The Group's vision, mission and values define the Group's purpose, the means to achieve this purpose and the principles that drive behaviour:

- *Vision*: sustainable value through global growth, service and excellence;
- *Mission*: a global approach to a local business environment where excellence, innovation and profitability drive the Group's core business philosophy of exceptional customer service; and
- *Values*: commitment to the Group's employees and its customers; profitable global growth; responsible corporate and personal behaviour; and excellence and innovation.

The balanced scorecard framework was introduced by the Group in 2013 to communicate its strategy, with the aim of communicating a clear, consistent and shared vision for a sustainable future. This framework provides measurable guidance and targets for the Group over the medium- and long-term ("**strategic pillars**") and uses key performance indicators to measure the implementation of the Group's strategy across its portfolio ("**strategic priorities**"). In 2014, the Group undertook a global engagement programme to improve the alignment of regional and local strategies with the global balanced scorecard framework.

- *Strategic Pillars*: define objectives that apply and need to be implemented across the regions and business units in the Group. They align the Group's business to build a more sustainable business model, develop robust risk and compliance processes, communicate effectively to all stakeholders and implement the Group's strategy. The strategic pillars are comprised of:

  (a) *strategy implementation*: communicating key messages and defining measurable performance milestones;

  (b) *corporate governance*: ensuring good corporate governance and adherence to international best practice;

  (c) *communications*: enhancing internal and external communications; and

  (d) *corporate responsibility*: building and sustaining strong communities through strategic community investment, to leave a sustainable legacy and to take the lead in being a good corporate citizen.

- *Strategic Priorities*: describe the Group's strategy and how the Group creates value for its stakeholders, by focusing on the following:

  (a) *financial priorities*: driving sustained long-term shareholder value by setting challenging financial targets to drive optimised productivity to increase asset utilisation, increase productivity, reduce costs and increase current and new sources of revenue. For instance, in 2014, the Group invested in four new terminals and continued to invest in modernising existing terminals through such capital expenditures as automation technology at the terminals to improve productivity and asset utilisation. The Group also took advantage of favourable conditions in the financing markets and issued a U.S.$1 billion convertible bond in 2014 in order to secure long-term funding on beneficial terms while preserving existing pools of liquidity;

  (b) *customer priorities*: creating a satisfied and profitable customer experience by continually developing and innovating services that offer superior performance for the Group's customers, delivering value for money on time, delivering the right capacity to meet the right demand and enhancing value-adding services both inside and outside the terminal to grow ancillary revenue. For instance, by focusing on O&D throughput which is more elastic than transhipment since goods still need to be delivered to final destinations, the Group is able to better estimate capacity needs at the terminals. Further, as global shippers have recently begun forming new consortiums (such as CMA CGM, China Shipping Container Lines and United Arab Shipping Co.'s "Ocean Three" alliance and Maersk Line and Mediterranean Shipping Co.'s 2M alliance), the Group is able to engage with them on a larger scale as well as better understand their needs through feedback from customer surveys. The Group's focus on customer experience is evidenced by the Jebel Ali port being rated the most productive port globally in 2014 by the

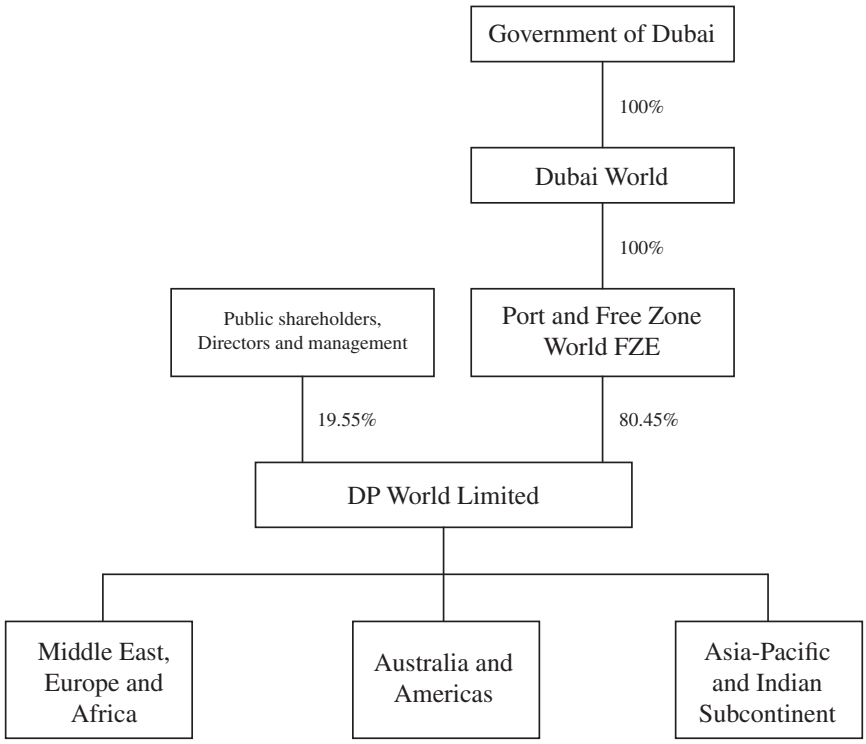
Journal of Commerce and the Mundra terminal in India reaching a milestone of handling one million TEU in 2014. Further, in 2014 the Jebel Ali port was awarded the "Best Seaport – Middle East" for the 20th consecutive year at the Asian Freight and Supply Chain Awards and the "Port of the Year" for the sixth consecutive year at the Supply Chain and Transport Awards;

(c) *people and learning priorities*: creating a learning and growth environment through the formal management of an innovative and performance-driven culture, recruiting and retaining a skilled workforce that is able to meet the needs of the Group's business and succession planning for all critical roles. This includes the Group's recent partnership with Harvard Business School to help further train and develop the Group's employees; and

(d) *internal and operational priorities*: developing efficient, safe and secure methods of managing the Group's operations by providing a safe and secure environment and contributing to a sustainable environment; growing revenue profitably by excelling in customer service, retaining existing customers and targeting a pipeline of new customers; growing sustainably and profitably, winning projects in markets with strong economic growth drivers and focusing on O&D cargo; managing risk intelligently and optimising opportunities, reducing operations downtime and non-operational risks, and operating in compliance with applicable laws and regulation; focusing on operational excellence and extracting the maximum value from the Group's resource base which results in increased cost productivity; and creating the culture and infrastructure needed to encourage innovation through research and development. As part of this, the Group launched one of the most advanced semi-automated terminals in Australia at the Port of Brisbane in 2014. The upgraded DP World Brisbane facility includes 14 automated stacking cranes, which are operated remotely, taking workers off the quayside to the safety of the control room, and improving productivity. The new equipment is also more energy efficient, using 30 per cent. less energy than conventional terminal equipment.

**Organisational, Reporting and Operational Structure**

Dubai World, through its shareholding of the Company's majority shareholder, PFZW, beneficially owns approximately 80.45 per cent. of the Company's issued and outstanding share capital (see "*Description of DP World – Shareholders*"). Dubai World itself is wholly owned by the Government. The following chart illustrates the Group's organisational structure and the three financial reporting regions for its principal business activities:



**Ports Businesses**

***Overview***

The Group believes that its portfolio represents a well-diversified business in terms of geographic spread, political risk, currency fluctuation and level of economic development, with operations divided into the following three geographical segments: (i) Middle East, Europe and Africa, (ii) Asia-Pacific and Indian subcontinent, and (iii) Australia and Americas.

The following chart lists the Group's operating container ports by geographic segments (the Company operates more than one container terminal in certain ports):

| **Middle East, Europe and Africa segment** | |
|---|---|
| **UAE**<br>• DP World Jebel Ali (Dubai)<br>• DP World Fujairah (Fujairah)<br><br>**Middle East (excluding UAE)**<br>***Saudi Arabia***<br>• DP World Jeddah<br><br>***Egypt***<br>• DP World Sokhna<br><br>**Africa**<br>***Algeria***<br>• DP World Djazair<br>• DP World Djen-Djen<br><br>***Djibouti***<br>• Doraleh Terminal<br><br>***Mozambique***<br>• DP World – Maputo<br><br>***Senegal***<br>• DP World Dakar | **Europe**<br>***Belgium***<br>• DP World Antwerp<br><br>***France***<br>• Terminal de Nord (Le Havre)*<br>• Terminal de France (Le Havre)*<br>• Fos Container Terminal (Fos sur Mer)*<br><br>***Germany***<br>• DP World Germersheim<br><br>***Romania***<br>• DP World Constanta<br><br>***Spain***<br>• DP World Tarragona<br><br>***United Kingdom***<br>• DP World London Gateway<br>• DP World Southampton |
| **Australia and Americas segment** | |
| **Australia**<br>• DP World Melbourne*<br>• DP World Sydney*<br>• DP World Brisbane*<br>• DP World Fremantle* | **Americas**<br>***Argentina***<br>• Terminales Rio de la Plata (Buenos Aires)<br><br>***Brazil***<br>• Embraport (Porto de Santos)<br><br>***Dominican Republic***<br>• DP World Caucedo*<br><br>***Peru***<br>• DP World Callao<br><br>***Suriname***<br>• Paramaribo<br>***Canada***<br>• DP World Vancouver |

| Asia-Pacific and Indian subcontinent segment | |
|---|---|
| **Asia-Pacific** | **Indian subcontinent** |
| ***China***<br>• Qingdao Qianwan Container*<br>• Qingdao New Qianwan Container Terminal*<br>• Tianjin Orient Container Terminals*<br>• CT3 (Hong Kong)<br>• DP World Yantai*<br><br>***Indonesia***<br>• Terminal Petikemas Surabaya*<br><br>***Philippines***<br>• ATI Batangas*<br>• Asia Terminals Incorporated*<br><br>***South Korea***<br>• Pusan Newport Company*<br><br>***Thailand***<br>• Laem Chabang International Terminal*<br><br>***Vietnam***<br>• Saigon Premier Container Terminal | ***India***<br>• DP World Nhava Sheva<br>• DP World Chennai<br>• Mundra International Container Terminal<br>• DP World Cochin<br>• Visakha Container Terminal*<br><br>***Pakistan***<br>• DP World Karachi |

* Terminal operated pursuant to a joint venture arrangement.

***Core services***

The Group's core ports services are comprised of container cargo handling, which accounts for the significant majority of the Group's revenue from operations and net profit, as well as general cargo handling and Ro-Ro services.

***Container cargo handling***

The core services for containerised handling consist of lifting containers on and off of vessels, storing containers in the relevant terminal and facilitating the delivery and receipt of containers. The two main categories of throughput are O&D, which is also often referred to as import and export, and transhipment. O&D throughput differs from transhipment throughput primarily because O&D throughput has to go to, or be collected from, a particular terminal because of its proximity to the point of consumption or distribution. This makes O&D throughput more stable and the Group has more control over setting the price for O&D throughput compared with transhipment where the price is driven by the customer and global competition. O&D throughput also provides the Group with opportunities to earn additional revenue by charging for delivery or receipt of the container from the shipper or consignee, as well as by providing ancillary services, such as storage and container cleaning. For the year ended 31 December 2014, the Group estimates that more than 70 per cent. of its gross throughput was O&D throughput.

***General cargo handling and Ro-Ro services***

In addition to container cargo handling services, some of the Group's ports offer general cargo handling and Ro-Ro services at some of their terminals. The Group believes that by offering superior service and handling facilities, it is able to attract general cargo vessels carrying a wide variety of non-containerised goods. The Group's Ro-Ro facilities are designed to accommodate vessels that carry wheeled cargo, such as automobiles. The defining feature of Ro-Ro vessels is a built-in ramp, which allows cargo to be efficiently "rolled on" and "rolled off" the vessel when in port.

***P&O Maritime Services***

As part of the P&O Acquisition, the Group acquired P&O Maritime Services Pty Ltd ("**P&O Maritime Services**"), which is based in Melbourne (Australia). Through its ownership, operation and management of a fleet of specialised vessels, P&O Maritime Services provides off shore oil and gas support, Antarctic logistics, bulk commodity river barging, harbor marine services and chartering to a diverse range of government and industrial customers in Australia, Argentina, Equatorial Guinea, Ireland, Mozambique, Paraguay, Spain, United Arab Emirates, United Kingdom and Yemen.

A significant majority of the revenue of P&O Maritime Services is derived from contracts with its major clients, including Australian Antarctic Division, Xstrata, DPW UAE region, Yemen LNG, Marathon Oil, EGLNG, Centre for Environment, Fisheries and Aquaculture Science U.K., Marine Institute Ireland, Siderar and Noble.

***Customers***

The Group's customers comprise over 150 carriers and cargo interests, including all of the top ten global container shipping lines (*source*: Alphaliner and internal Company data), as well as general cargo and car carriers. The Group also performs logistics activities whereby it deals directly with both transport companies and the ultimate owners of the relevant cargo, such as manufacturers, traders and importers. The Group has continued to invest in its operations to improve its service to its customers with a number of the Group's terminals benefitting from new cranes and yard equipment.

Contracts in the container terminal industry are characterised by relatively long terms, usually in the range of one to three years, and typically, although not exclusively, require cause to allow early termination. However, in certain regions, such as Europe, a limited number of contracts may have relatively short notice periods in respect of termination, often only of one year, and allow for termination without cause.

***Business development***

New opportunities are identified by multiple sources throughout the organisation and through the many different channels yielded by the Group's extensive network, including discussions with its customers and with government representatives and authorities. The Group has a clearly defined strategy for its business development activity that allows it to efficiently short-list and pursue opportunities that will likely add the greatest potential value to its business. The Group evaluates new business opportunities based both on the initial investment it will be required to make and the potential future expected growth opportunity associated with the asset. The Group's preference when looking at new opportunities is to achieve an appropriate balance between established and developing sites, a predominance of O&D cargo and locations in the faster growing emerging markets.

The Group's eight new developments and major expansion projects include terminal development projects in Nhava Sheva (India), Rotterdam (The Netherlands), Terminal 3 Jebel Ali (UAE) and Yarimca (Turkey), which are expected to commence operations during 2015.

***Concessions***

The Group's terminal operations are substantially conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 20 and 50 years. Based on the Group's experience, incumbent operators are typically granted renewal of operating concessions leases, 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 transitions. The Group commonly starts negotiations regarding the renewal of concession agreements with approximately five to ten years remaining on the term and often obtains renewals of or extensions on concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. Over the last three years, all concession agreements that the Group sought to renew were successfully renewed. The Group is currently negotiating the renewal of the concession agreement relating to the DP World Fremantle terminal in Australia which is due to expire within the next 29 months from the date of this Base Prospectus. The Group's portfolio has an average concession life of approximately 40 years.

The Group generally seeks to structure its concession agreements to have payment terms with a fixed and a variable element. The Group believes that these payment terms help align the concessionaire's and the Group's interests to maximise throughput since the variable element of the fee payable to the concessionaire is calculated on throughput through the relevant port. The concessionaire is therefore incentivised to provide a good land side service so that the level of throughput, and their corresponding fee, is increased.

In March 2015, the Port of Melbourne Corporation reassessed and significantly increased the rent payable by the Group, although the Group intends to challenge this assessment in accordance with the terms of the concession agreement.

***Portfolio***

*Middle East, Europe and Africa Region*

(a) UAE

*Overview*. The UAE is an important trading hub for the Middle East, African and Indian Ocean rim countries. The Group has been operating in the UAE since 1972, initially at Port Rashid (Dubai) and subsequently at DP World Jebel Ali (Dubai) and DP World Fujairah (Fujairah). DP World Jebel Ali is the Group's flagship facility and is currently undergoing a major expansion. DP World Jebel Ali can accommodate the required draft of any container vessel in existence or on order and deploys the largest quayside cranes currently in operation in the world, capable of lifting two forty-foot containers or four twenty-foot containers at a time. The ongoing expansion works are expected to conclude by the end of 2015 and will increase DP World Jebel Ali's capacity to 19 million TEU, making it the fifth largest terminal in the world and one of the world's largest semi-automated facilities.

*Competitive position*. The Group believes that it holds the strongest market position as a terminal operator compared with any other operator in the UAE and Middle East due to the high volumes of O&D cargo having to use DP World Jebel Ali (*source*: Global Container Terminal Operators Annual Review and Forecast 2014 by Drewry Shipping Consultants Ltd.). The Group's container operations at DP World Jebel Ali are strengthened by being adjacent to the Free Zone, which is home to over 7,622 companies from over 130 countries and generates significant volumes of captive container traffic for the Group. The Acquisition has therefore allowed the Group to enhance its port and logistics offering to its customers in Dubai by combining container handling facilities with economic free zones and infrastructure developments. The efficiencies promoted by Jebel Ali port's integrated logistics offering include two to three days road transit to anywhere in the GCC, which is considered a short transit time in the air cargo industry, and the ability to transport cargo to airport within 45 minutes of discharge from the Jebel Ali port.

*Other activities*. In addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, Ro-Ro, reefers (being refrigerated shipping containers for transporting perishables), tanker facilities and container repair, commercial trucking, sea-air cargo, logistics and/or other terminal services. The UAE region has historically contributed the majority of the total Group non-containerised revenue. This primarily consists of general and bulk cargo in the UAE region.

(b) Middle East (excluding UAE) and Africa

*Overview*. The Group has been present in Jeddah (the Kingdom of Saudi Arabia) since it won the contract to manage Jeddah Islamic port in 1999. In the third quarter of 2007, through its acquisition of Siyanco DPA, the Group acquired a 100 per cent. ownership interest in DP World Jeddah (formerly Jeddah South Container Terminal), which the Group had previously operated pursuant to a management contract and which is the largest facility by capacity on the Red Sea. DP World Jeddah is focused on attracting long-term O&D customers not only for the local Jeddah market, but also for the Riyadh market once the Saudi Arabian government completes the proposed rail-land bridge.

In the first quarter of 2008, through the acquisition of the Sokhna Port Development Company, the Group acquired a 90 per cent. ownership interest in DP World Sokhna (formerly Sokhna Port) and subsequently increased its ownership interest to 100 per cent. in 2013. DP World Sokhna is the closest container port to Cairo and is located within the 90 square kilometer North West Suez Economic

Zone, the first of its kind in Egypt. In October 2010, an agreement was signed between DP World Sokhna and the Red Sea Ports Authority which allowed for an additional terminal to be constructed at the Sokhna port and extended the concession to 35 years after completion of the construction of a new terminal.

The Group's presence in Africa began in 1995 when P&O obtained the concession to operate the container terminal in Maputo port in Mozambique now re-branded DP World – Maputo. P&O subsequently acquired general and bulk cargo stevedoring operations at four of South Africa's major ports, namely Richards Bay, Durban, Port Elizabeth and Cape Town, which the Group continues to manage under the DP World – Cargo Services brand, and which eventually expanded its services to Maputo.

In addition, in the second quarter of 2007, the Group was awarded the concession to operate the existing container terminal in the Port of Dakar, Senegal and develop a new terminal there in the future.

The Group expanded its operations into Algeria by obtaining a concession to operate the ports of Djazair and Djen-Djen in November 2008 and February 2009, respectively, which the Group began operating in the second quarter of 2009. The port at Djazair will be developed to primarily serve Algeria's domestic needs. The port at Djen-Djen is the main terminus for the Eastern part of the country and will be developed as a transhipment hub for the Western Mediterranean.

The Group is also present in Djibouti where it commenced container operations in Doraleh in January 2009 while continuing to manage the Port of Djibouti and other cargo operations under a management agreement with the Government of Djibouti.

*Competitive position*. The Group currently faces intra-port competition at Jeddah Islamic port from the North Terminal in Jeddah and from the Red Sea Gateway Terminal (RSGT), which was developed on existing land within the port adjoining the North Terminal. This leads to competition and imbalances in supply and demand. The Group faces inter-port competition for regional transhipment throughput from Salalah and the Mediterranean hub ports for mainline relay business.

Since Africa is an emerging region, competitor presence is limited relative to other regions globally. The Group holds strong positions in its operating locations in Africa. Djibouti, Maputo and Sokhna have no intra-port competition and limited regional competition. The Group's key regional competitors in Africa are APM Terminals and Bollore Africa Logistics.

*Other activities*. In addition to the Group's container terminal business, its terminal at Jeddah offers reefer facilities. Sokhna offers container business, break bulk and general cargo, passenger vessels and liquid terminal facilities. The Group also operates the entire Port of Djibouti, which includes container terminal activities, bulk cargo and a logistics zone, and Djibouti Airport.

(c) Europe

*Overview*. The Group's operations in Europe are well established, with facilities in Western and Eastern Europe. With the exception of DP World Germersheim, and shares that the Group has in three inland terminals in Belgium and Germany, all its terminals offer deep-water access and are strategically located to reach the major markets of the United Kingdom and Continental Europe.

The Group's operations in Europe include 11 operational terminals covering markets from North Europe to the Mediterranean and the Black Sea. As well as investing in its existing facilities to improve service and increase capacity, the Group also continues to explore new opportunities in this region and commenced operations at the DP World London Gateway port on the River Thames in U.K. in November 2013. The Group also has key developments projects at Rotterdam World Gateway, which will be the first container terminal on the new Maasvlakte 2 reclamation development in Rotterdam and in Yarimca (Turkey).

*Competitive position*. Western Europe is a well-established market characterised by high stability of throughput with moderate growth. Competition between ports across Western Europe is well

developed, and the Group's key global competitors Hutchison Port Holdings, APM Terminals and PSA International are well established there. Hamburger Hafen und Logistik AG is also one of the significant local operators there.

The Eastern European market is less developed and has been adversely affected by the slowdown in the global economy. DP World Constanta is the largest and most modern facility on the Black Sea and acts as a hub for other Black Sea ports in Ukraine, Bulgaria and Turkey. While Constanta port is currently the only deep-sea port with direct access to the Danube inland waterway (which handles container barge traffic to the former Yugoslavia), surrounding countries are developing modern, deep-water container terminals, which may compete with DP World Constanta for transhipment traffic or reduce the need for transhipment at Constanta port.

*Other activities*. In addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, Ro-Ro services, container freight station, stuffing and unstuffing warehousing and reefer facilities and logistics, empty depot, custom documentation and/or other terminal services. The Group also operates a fleet of Rhine River barges that connect DP World Germersheim with the deep-water ports of Rotterdam and Antwerp and receives daily shuttle trains at the terminal with containers from Rotterdam.

*Australia and Americas Region*

(a) Australia

*Overview*. The Group operates container terminals in four state capital cities of Australia (Brisbane, Sydney, Melbourne and Fremantle (serving Perth)) and can trace the origins of its operations in Australia to the formation of P&O in the 19th century. In addition, all of the Group's terminal operations in Australia benefit from excellent rail links between the terminals and the relevant surrounding hinterland.

*Competitive Position*. Historically, the major Australian ports of Sydney, Melbourne, Brisbane and Fremantle have each developed dual container terminal operator structures to ensure that competition exists within each port, and the Group is one of only two companies that currently operate container terminals in Australia. The Group's main competitor is the Asciano Group's Patrick Stevedores division, which is present in every Australian port in which the Group operates. However, in April 2007, the Port of Brisbane Corporate ("**POBC**") announced the introduction of the third operator with Hutchison Port Holdings being awarded the lease for Berths 11 and 12 (330 metres and 300 metres respectively), which became operational in 2012 and 2014, respectively. In addition Hutchison Port Holdings has opened a terminal in Sydney while International Container Terminal Services Inc. has been awarded a concession to build and run a terminal in Melbourne.

*Other activities*. As part of the P&O Acquisition, the Group acquired P&O Maritime Services based in Melbourne (Australia). Through its ownership, operation and management of a fleet of specialised vessels, P&O Maritime Services provides shipping, cargo, port, charter and agency services to a diverse range of government and industrial customers in Australia, as well as Argentina, Ireland, Papua New Guinea, Singapore, the United Kingdom and the UAE.

A significant majority of the revenue of P&O Maritime Services is derived from contracts with a term of five or more years with its major clients, including the Australian Government Antarctic Division, the Department of Defense, Australian Customs Service, CSIRO and Glencore plc.

(b) Americas

*Overview*. P&O entered the South American market in 1994 when it was awarded the concession to operate Terminals Rio de la Plata (Buenos Aires). In addition, CSX WT had developed operations at Caucedo (Dominican Republic) in 2004 and P&O acquired operations in Vancouver (Canada) in 2003. The Group's operations in the Americas were further strengthened by the commencement of operations in Callao (Peru) in 2010 and Santos (Brazil) in 2013. The Group also has a majority stake in the largest terminal operator in the Suriname port (which is the most modern facility in the Guyana-French Guiana range) and operates a terminal in Nanaimo on Vancouver Island (Canada). The Group

is in the process of acquiring the Fairview Container Terminal in Canada for U.S.$457 million. The Group has entered into a binding agreement to complete this acquisition and, subject to regulatory approvals, the Group expects to complete this acquisition in 2015. The Fairview Container Terminal has the capacity to handle 850,000 TEU annually, although the Group expects this to increase significantly upon the completion of a recently announced terminal expansion. The Fairview Container Terminal's concession currently runs to 2034 but is expected to be extended to 2056 upon completion of its expansion.

*Competitive position*. The Americas geographical area remains highly fragmented, with many independent companies operating single terminals in key markets and government owned entities maintaining a significant presence. Given the strategic position of the Group's facilities as regional gateway ports, these facilities have market leading positions in their respective selected markets in Latin America where the Group has an operating presence in four of the top ten container ports in Latin America and is the second largest operator in South America (*source*: Global Container Terminal Operators Annual Review and Forecast 2014 by Drewry Shipping Consultants Ltd.).

*Other activities*. In addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, reefer, on-dock rail and cruise and ferry passenger facilities and/or other terminal services. In Vancouver (Canada), the Group's general stevedoring operation principally encompasses Ro-Ro automobiles and bulk grain. Terminales Rio de la Plata is the exclusive cruise terminal operator in Buenos Aires, which is a major seasonal cruise destination.

*Asia-Pacific and Indian subcontinent Region*

(a) Asia-Pacific

*Overview*. The Group's origins in the Asia-Pacific date back to 1973, when Sea-Land Service, Inc. ("**Sea-Land**"), which was acquired by CSX Corporation in 1986, developed CT3 (Hong Kong). It subsequently developed additional significant operations in China (including Hong Kong), as well as a greenfield project in Pusan (South Korea), which commenced operations in 2006. Since the early 1990s, P&O gradually acquired or built facilities in China (including Hong Kong), Indonesia, the Philippines, Thailand and Vietnam. The Group currently has a strong presence in key manufacturing heartlands of China. For instance, the Group operates the Qingdao Qianwan Container Terminal in Qingdao, which serves the hinterland of the Shandong province in China and offers convenient and economical access for the Huangdao district in the Shandong province as well as the western hinterland. The Qingdao Qianwan Container Terminal is expected to add approximately 0.85 million TEU capacity in 2015. The Group also has interests in the fast growing economies of South-East Asia. The Group's Asia-Pacific operations are managed from Hong Kong, with sub-regional offices in Shanghai, which focuses on north and central China, and Manila, which focuses on South-East Asia. All of the Group's Asia-Pacific operations are joint ventures and associates.

*Competitive position*. With 12 container terminals, the Group has a significant presence in the Asia-Pacific market, with a strong presence in the key gateway ports in China (namely Qingdao Qianwan Container Terminal, CT3 (Hong Kong), Tianjin and DP World Yantai) and in many strategic locations across the region (including Thailand, Indonesia, the Philippines, Vietnam and South Korea). The Group also owns a logistics facility in Yantian. The Group opened the Saigon Premier Container Terminal in Vietnam in October 2009. The Group's key global competitors in the region include Hutchison Port Holdings, PSA International and Cosco Group.

*Other activities*. In addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, ferry, Ro-Ro, reefer and container freight station facilities and container repair and/or other terminal services. The Group also operates a break bulk cargo terminal in the Philippines.

(b) Indian subcontinent

*Overview*. The Group has had more than a decade-long presence in the Indian subcontinent, which started in 1997 with P&O obtaining the concession to operate Qasim International Container Terminal (now DP World Karachi) in Bin Qasim (Pakistan) and participating in the first Indian port

privatisation at Nhava Sheva International Container Terminal (now DP World Nhava Sheva) in the Jawaharlal Nehru Port Trust (Navi Mumbai). Since then, the Group has expanded its presence in the region significantly. The Group's terminals are well-positioned to service customers in the hinterlands of India and Pakistan and the commencement of operations at Nhava Sheva in 2015 will provide the Group with required capacity in a capacity constrained market.

*Competitive Position*. The Group is a market leader in India (*source*: Global Container Terminal Operators Annual Review and Forecast 2014 by Drewry Shipping Consultants Ltd.). It faces intra-port and regional competition from other global operators. The Group's strong position, combined with a high proportion of O&D traffic and market growth potential, makes the Indian subcontinent an extremely important part of the Group's global portfolio.

*Other activities*. In addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, container storage, internal terminal transport, reefer and container freight station facilities, lashing, stuffing and de-stuffing and/or other terminal services and container rail road logistics.

**Security and Business Resilience**

The Group is committed to improving the safety and security of its people along with its other assets and cargo, and the Group's security strategy is based on investing in security management systems that comply with global standards. The Board and the management of the Group are committed to creating a safe culture throughout the Group and regularly monitor the implementation of its safety and security strategy which includes employee training, regular audits and management objectives in relation to the safety of employees. The Group has implemented specific review processes, policies, guidance documents and operational procedures in this regard. The Group has also established a safety auditing program which is conducted across its entire portfolio of terminals.

Further, the Group regularly undertakes benchmarking exercises to test its security preparedness against global standards and industry best practice. The Group underpins its strategic security objectives by embracing and investing in the independently audited supply chain security management ISO 28000 standard across its portfolio. As of the date of this Base Prospectus, 37 of the Group's terminals are ISO 28000 certified and the Group aims to have all its terminals certified by 2020. The Group is a member of the EU Customs Security Program-Authorised Economic Operator initiative (AEO) and the U.S. government Customs-Trade Partnership Against Terrorism (C-TPAT). The Group also collaborates with the U.S. Department of Energy in respect of the Megaports initiative by assisting with the development of technical tool packs. In addition, the Group was the first international port operator to be invited as a member of, and is an active participant in, the U.S. Container Security Initiative (CSI), which places U.S. Customs officers at sensitive terminals around the world.

**Safety and Environment**

The Group considers safety and environment ("**S&E**") to be of fundamental importance in every aspect of its global operations. The Group understands and takes very seriously the S&E responsibilities that it has to employees, customers, contractors, visitors, government agencies and communities.

The Group has dedicated S&E resources throughout the world that provide expert advice for management in exercising the Group's corporate obligations in this critical area. Management, staff and employees are guided by the Group's corporate S&E policy, which has been authorised by the Chief Executive Officer. Each business unit is required to implement local health, safety and environmental legislation as a minimum in accordance with the jurisdiction in which it operates. Where the Group's corporate S&E policy is more stringent than such local requirements, the relevant business unit is also required to comply with the Group's policy.

The Group is fully committed to robust environmental management in its terminals and development projects while playing a proactive role in tackling the challenges of climate change through initiatives such as reduction in resource consumption and continual improvement in energy efficiency. The Group has

invested heavily in lower-carbon plant and equipment and is embracing renewable energy technologies in its terminals. In 2010, the Group was the first terminal operator to publicly disclose its carbon emissions as part of the Carbon Disclosure Project ("**CDP**") and since then has made significant progress in its CDP climate reporting score, from 70C in 2013 to 81B in 2014, placing the Group above average for the transportation industry. The Group also signed up to the Copenhagen Communiqué on climate change and was a contributing stakeholder in the World Economic Forum's Decarbonisation of the Supply Chain project.

The Group aims high in its target-setting and achieved a significant 20 per cent. reduction in greenhouse gas emissions, normalised against trade throughput, over a measurement period of five years (from 2008 to 2013). In 2014, the Group continued with its long term targets, which focused on carbon emissions and, more specifically, the energy sources used to generate these emissions.

The Board receives a safety and environment report at each Board meeting to monitor the Group's performance against key performance metrics. The Company's management also plays a role in leading by example by actively promoting safety onsite to create a safer working environment.

**Information Technology and Operating Systems**

The Group's information technology ("**IT**") strategy is designed to enable local IT groups at its terminals to meet their requirements with little dependency on a company-wide IT infrastructure, although the Group provides some centralised IT services (such as hosting and network services) to varying degrees at a regional level. While the Group's central IT department plays a vital role in strategic planning, governance and standardisation of IT across the Group's portfolio and, in the case of new terminal operations, provides guidance, consulting and reviews, it is not involved in the day-to-day IT operations of the Group's terminals. The Group believes that this strategy provides its local IT groups with the flexibility to design IT solutions that best fit the needs of a particular terminal. When designing such solutions, the Group encourages its local IT groups to purchase readily available off-the-shelf software wherever possible.

Each of the Group's terminals, based on the nature of that terminal's business, is configured to keep its systems operational, including with respect to business processes and procedures, under abnormal conditions. Although IT systems are essential to the functioning of the Group's terminals, proper backup procedures have been devised to support their operations in case of a rare unexpected system downtime. The Group has defined IT component topologies and recovery time objectives for each business process, which prescribe the appropriate level of IT infrastructure depending on the importance of the relevant business process. For example, a business process, such as container movement operations at a large terminal, that is categorised as "mission critical" would be allocated an IT infrastructure consisting of a clustered server environment with significant resilience, extensive focus on backup and IT disaster recovery plans, with the aim of providing for 99.99 per cent. availability.

**Insurance**

The Group's operations are subject to normal hazards of operational and geographic risks, including accidents, fire and weather-related perils. Globally, the Group maintains various types of insurance policies to protect against the financial impact arising from unexpected events when the amount of the potential loss would be significant enough to prevent normal business operations. The Group may also, on occasion, purchase specific insurance for individual terminals on an "as needs" basis (for instance, the Group reviews the need for political and environmental risk insurance on a terminal by terminal basis). The purchase of these policies is coordinated by an internal insurance department, with applicable limits, coverage, scope and deductibles that the Group, with the advice of its insurance advisors, believes are reasonable and prudent after all means of controlling or preventing the risk have been considered. The Group does not fully insure against certain risks to the extent that such risks may not be fully insurable or related coverage is unavailable at what the Group considers to be appropriate price levels. See "*Risk Factors – Risks Relating to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*".

**Legal Proceedings**

Apart from the legal proceedings highlighted below, there are, and have been, no other governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Group is aware) during the twelve months preceding the date of this Base Prospectus that may have, or have had, significant effects on the Group's financial position or profitability:

(a) The Group through its wholly-owned subsidiary Mundra International Container Terminal Private Limited ("**MICT**") has developed and is operating the container terminal at the Mundra port in Gujarat. In 2006, MICT received a show cause notice from the Gujarat Maritime Board ("**GMB**") requiring MICT to demonstrate that the undertaking given by its parent company P&O Ports (Mundra) Private Limited, with regard to its shareholding in MICT has not been breached in view of P&O Ports (Mundra) Private Limited being taken over by the Group. Based on the strong merits of the case and on the advice received from legal counsel, the Group believes that the above litigation is unsubstantiated and in the Group's view, it will have no impact on its ability to continue to operate the port (although, if this litigation is not decided in favour of the Group, then the Group's concession for the Mundra port may be terminated and the Group will be entitled to receive limited compensation only).

(b) The Group's wholly-owned subsidiary Chennai Container Terminal Ltd ("**CCTL**") has received claims from the Chennai Port Trust ("**CPT**") covering CCTL's alleged failure to fulfil its obligations in respect of non-transhipment containers for a period of four years from 1 December 2003 and additional lease charges for land leased by CCTL from CPT. CCTL subsequently paid U.S.$10.1 million under dispute in 2008. CCTL had also initiated arbitration proceedings against CPT in this regard. The arbitral tribunal passed its award on 26 November 2012 ruling in favour of CCTL. However, CPT appealed against this order, which was upheld by the Chennai High Court on 8 January 2014 and, accordingly, a provision was recognised in the DPW Financial Statements 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. CCTL's appeal was taken up for hearing and admitted on 3 February 2014. CPT also made a statement before the Division Bench of Madras High Court that no further action would be taken by CPT against CCTL. As at the date of this Base Prospectus, the matter is pending for final hearing and disposal before the Division Bench of Madras High Court. Based on the strong merits of the case and on the advice received from legal counsel, the Group believes that CCTL's appeal will be upheld by the Division Bench of Madras High Court.

(c) On 1 March 2012, Nhava Sheva International Container Terminal ("**Nhava Sheva**") received an order from the Tariff Authority for Major Ports ("**TAMP**") to reduce the tariff charged for services by 28 per cent. with effect from 17 March 2012 until December 2014. Nhava Sheva appealed against the proposed reduction in tariffs in the Bombay High Court. On 2 July 2012, Nhava Sheva received an ad-interim relief stating that, pending further orders, it is permitted to charge and collect the tariff at the rates prevailing prior to the TAMP order. The Bombay High Court also asked Nhava Sheva to keep account of such transactions and, in the event Nhava Sheva does not win the case, any amounts billed and collected by Nhava Sheva over and above the tariff prescribed in the TAMP order shall be repaid. Accordingly, Nhava Sheva currently continues to charge the customers based on the tariff rates enacted before the TAMP order was received. In view of the uncertainty in the ad-interim relief order, the Group has recognised a deferred revenue provision in relation to the difference in revenue between the billed rates and the rates specified in the TAMP order.

(d) On 8 July 2014, the Group was notified that the awarding of the Doraleh Container Terminal concession in Djibouti was under investigation by the Office of the Inspector General of the Republic of Djibouti, which had initiated arbitration proceedings before the London Court of International Arbitration (although, if this arbitration is not decided in favour of the Group, then the Group's concession for the Doraleh Container Terminal may be terminated and the Group will be entitled to receive compensation). The Group believes that this arbitration is unfounded and intends to defend its position during the arbitration procedure. In order to maintain the operational *status quo* and to mitigate disruption at the terminal, the Group will continue to manage the Doraleh Container Terminal in accordance with the terms of the concession agreement, pending the determination of the arbitral tribunal.

# MANAGEMENT

**Board of Directors**

As at the date of this Base Prospectus, the Company's board of directors (the "**Board**") is comprised of the eight members (each, a "**Director**") listed below:

| Name | Position(s) | Date of appointment[1] |
|---|---|---|
| Sultan Ahmed Bin Sulayem[2] | Chairman | 30 May 2007 |
| Sir John Parker[3] | Senior Independent Non-Executive Director and Vice Chairman | 30 May 2007 |
| Jamal Majid Bin Thaniah[2] | Director and Vice Chairman | 30 May 2007 |
| Deepak Parekh[3] | Director | 22 March 2011 |
| Robert Woods[3] | Director | 1 January 2014 |
| Mark Russell[3] | Director | 11 August 2014 |
| Mohammed Sharaf | Director and Group Chief Executive Officer | 30 May 2007 |
| Yuvraj Narayan | Director and Group Chief Financial Officer | 9 August 2006 |

(1) In accordance with the Company's articles of association, all Directors offer themselves annually for re-appointment at the Company's annual general meeting.

(2) Denotes a Non-Executive Director.

(3) Denotes an Independent Non-Executive Director.

Brief biographies of each of the Directors are set out below:

**His Excellency Sultan Ahmed Bin Sulayem** became Chairman of the Company on 30 May 2007. He is a leading UAE and international businessman who spearheaded the rapid expansion of Dubai's infrastructure, including ports and free zones, contributing significantly to the growth trajectory of the UAE. Mr Bin Sulayem was previously Chairman of Dubai World and in this role oversaw businesses in industries as diverse as real estate development, hospitality, tourism, retail, e-commerce, commodities, transportation and logistics. He previously served as Chairman of PFZW and remains one of the two representatives of the Company's majority shareholder on the Board. Highlights of his career, spanning three decades, comprise the Company's international expansion, including the U.S.$6.85 billion acquisition of P&O, establishing and leading Nakheel PJSC (a real estate and tourism property development firm that created many iconic Dubai projects including The Palm, the world's largest man-made islands), establishing and leading Istithmar World PJSC (a major global private equity investment house) and pioneering the Dubai Multi Commodities Centre. Mr Bin Sulayem holds a Bachelor of Science in Economics from Temple University, United States of America. A citizen of the United Arab Emirates, he is 59 years old.

**Sir John Parker** has served as an Independent Non-Executive Director and Vice Chairman of the Company since 30 May 2007. He also acts as Senior Independent Director and is Chairman of the Company's Nominations and Governance Committee and Chairman of the Company's Remuneration Committee. He serves as Chairman of Anglo American plc. He is also Non-Executive Director of Carnival plc, Carnival Corporation and Airbus Group. He previously served as Chair of the Court of the Bank of England, Non-Executive Chairman of BVT, Joint Chairman of Mondi plc, Chairman of National Grid plc, Non-Executive Director and Deputy Chairman and, subsequently, Chairman of P&O and Vice Chairman of PFZW. He served as the President of the Royal Academy of Engineering from 2011 to 2014. He was a Member of the Prime Minister's Business Council for Britain. A British citizen, he is 72 years old.

**Jamal Majid Bin Thaniah** has served as a Director and Vice Chairman of the Company since 30 May 2007. He joined Dubai Ports in 1981 and, from 2001, led Dubai Ports Authority. He also serves as a Non-Executive Director of Etihad Rail (Abu Dhabi) and was appointed as an Independent Non-Executive Director of Emaar Properties PJSC on 23 April 2012. He previously served as a Director of PFZW and he remains one of the two representatives of the Company's majority shareholder on the Board. A citizen of the United Arab Emirates, he is 56 years old.

**Deepak Parekh** was appointed as an Independent Non-Executive Director of the Company on 22 March 2011. He is also Chairman of the Company's Audit Committee. He is the Non-Executive Chairman of HDFC Ltd, GlaxoSmithkline Pharmaceuticals Ltd Siemens India and BAE Systems India (Services) Private Limited. He serves on the board of several other leading corporations including, Mahindra and Mahindra, The Indian Hotels Co Ltd, Network18 Media & Investments ltd and Vedanta Resources plc. He is also on the advisory board of several Indian corporate and multinational corporations. He has been a member of numerous Indian government appointed advisory committees and task forces on matters ranging from infrastructure reform to capital markets and financial services. In 2006, he was awarded the Padma Bhushan. Some important recent awards include 'Bundesverdienstkreuz' (Germany's Cross of the Order of Merit, one of the highest distinctions of the Federal Republic of Germany) in 2014, "Knight in the Order of the Legion of Honour" (one of the highest distinctions of the French Republic) in 2010 and the first international recipient of the Outstanding Achievement Award from the Institute of Chartered Accountants in England and Wales in 2010. A citizen of the Republic of India, he is 70 years old.

**Robert Woods** was appointed as an Independent Non-Executive Director of the Company on 1 January 2014. He is the Chairman of P&O Ferries and DP World Southampton and currently holds Non-Executive Directorship at John Swire & Sons and Caledonia Investments. He was formerly the Chief Executive of The Peninsular and Oriental Steam Navigation Company and a Non-Executive Director of Cathay Pacific and Tilbury Container Services Limited. In 2012, he was appointed President of the Chartered Institute of Shipbrokers. He is an Honorary Captain of the Royal Naval Reserve. A British citizen, he is 68 years old.

**Mark Russell** was appointed as an Independent Non-Executive Director of the Company on 11 August 2014. He is a Non-Executive Director of London and Continental Railways Limited and Eurostar International Limited and Chairman of Eurostar's Audit Committee. He is also Chief Executive of the Shareholder Executive in the U.K. and sits on the Departmental Board and Executive Committee of the U.K. Government's Department for Business, Innovation & Skills. He was formerly a partner in the corporate finance departments of KPMG in London and Frankfurt and held senior positions at PwC Corporate Finance, Robert Fleming, Lazard Brothers and A.T. Kearney. A British citizen, he is 54 years old.

**Mohammed Sharaf** has served as Group Chief Executive Officer of the Group since 2005 and as a Director of the Company since 30 May 2007. He joined Dubai Ports Authority in 1992 and in 2001 he became Managing Director of DP World FZE. In this position, he oversaw the Group's growth into an international business and performed central roles in developing its first international operations at the terminals of Jeddah (Saudi Arabia), Constanta (Romania) and Vizag (India) and in developing its national operations at Jebel Ali and Port Rashid terminals. He began his shipping career at Holland Hook terminal in The Port of New York/New Jersey and has more than 20 years' experience in the transport and logistics business. He is also Chairman of Tejari World FZ LLC. He is Joint Vice Chairman of the U.S.-UAE Business Council and a member of the UAE-Canada Business Council Board. A citizen of the United Arab Emirates, he is 53 years old.

**Yuvraj Narayan** has served as Group Chief Financial Officer of the Group since 2005 and as a Director of the Company since 9 August 2006. He joined DP World FZE in 2004. He serves as Non-Executive Director of IDFC Securities Limited. He previously served as Non-Executive Director of Istithmar World PJSC and as ANZ Group's Head of Corporate and Project Finance for South Asia before becoming Chief Financial Officer of Salalah Port Services in Oman. He is a qualified Chartered Accountant and has a wealth of experience in the ports and international banking sectors. A citizen of the Republic of India, he is 58 years old.

For information related to the compensation of the Directors see "*Compensation*".

The business address for each of the Directors is c/o DP World Limited, P.O. Box 17000, Dubai, UAE.

His Excellency Sultan Ahmed Bin Sulayem and Jamal Majid Bin Thaniah are representatives of PFZW (being the Company's majority shareholder) on the Board, which may give rise to potential conflicts of interest with their duties to the Company (see "*Risk Factors – Risks relating to the Group – The Company's ultimate majority shareholder, Dubai World, and the Government have the ability to exert significant influence over the Group and their interests may conflict with the interests of the Group or the Noteholders*").

Except as stated above, there are no actual or potential conflicts of interest as at the date of this Base Prospectus between the duties owed by the Directors to the Company and their private interests or other duties.

**Senior Management**

In addition to the executive management appointed to the Board (being the Group Chief Executive Officer and the Group Chief Financial Officer), the day-to-day management of the Company's business is led by its Senior Management who, together with the Group Chief Executive Officer and the Group Chief Financial Officer, comprise the Company's Executive Committee:

| Name | Position(s) |
|---|---|
| Mohammed Sharaf[1] | Group Chief Executive Officer |
| Anil Wats | Executive Vice President and Chief Operating Officer |
| Yuvraj Narayan[1] | Group Chief Financial Officer |
| Mohammed Al Muallem | Senior Vice President and Managing Director – UAE |
| Anwar Wajdi | Senior Vice President – Corporate Cultural Development |

(1) Please refer to "– *Board of Directors*" above for biographical details.

Brief biographies of each of the Company's Executive Committee (other than Mohammed Sharaf and Yuvraj Narayan, whose biographies are set out above) are set out below:

**Anil Wats** is Executive Vice President and Chief Operating Officer, responsible for the Company's activities globally and holds more than 26 years of experience in the international shipping and logistics industry. Anil joined the Group as Global Commercial Director in 2003, then moved to Hong Kong as Senior Vice President and Managing Director for the Asia Pacific Region in 2004. In 2005, Anil returned to Dubai and took on the position he holds as at the date of this Base Prospectus.

**Mohammed Al Muallem** is Senior Vice President and Managing Director – UAE Region. Mohammed's journey in the ports industry began in 1983 as a trainee at Port Rashid and has progressed with various positions held, including Planning Engineer, Assistant Port Engineer Manager, Deputy Technical Director, Technical Director and Chief Technical Director. Mohammed was also appointed Chairman of the Executive Merging Team of Dubai Ports Authority, Dubai Customs and the Free Zone in 2000.

**Anwar Wajdi** is Senior Vice President – Corporate Cultural Development. Anwar has played an instrumental role in securing major projects for the development of the Dubai Ports Authority and the Company in the UAE Region. Prior to joining the Group, Anwar held various positions at the Dubai Ports Authority before being appointed the Company's Senior Vice President for Corporate Strategy in 2007.

Each of the Senior Managers can be contacted at the Group's registered office at c/o DP World Limited, P.O. Box 17000, Dubai, UAE.

There are no actual or potential conflicts of interest between the duties owed by the Senior Managers to the Company and their private interests or other duties.

**Compensation**

For the year ended 31 December 2014, the aggregate total remuneration the Group paid (including contingent or deferred compensation) to the Directors and Senior Managers listed above was U.S.$6.524 million.

The Chairman (Sultan Ahmed Bin Sulayem) and Non-Executive Vice Chairman (Jamal Majid Bin Thaniah) are not remunerated by the Company. The remuneration of the Independent Non-Executive Directors is a matter for the Chairman and executive members of the Board. For the year ended 31 December 2014, the Independent Non-Executive Directors received a fee, set out as follows, which included remuneration for their services in being a member of, or chairing, a Board Committee (see "*Corporate Governance*" below):

| Name | Non-Executive Director Fee |
|---|---|
| Sir John Parker[1] | U.S.$543,180 |
| Deepak Parekh | U.S.$143,873 |
| Robert Woods | U.S.$123,450 |
| Mark Russell (appointed 11 August 2014) | U.S.$47,480.51 |
| David Williams (retired 28 April 2014) | U.S.$52,123.34 |

(1) Includes fees for Sir John Parker's services as Vice Chairman and Senior Independent Non-Executive Director.

The Directors, other than the Group Chief Executive Officer and Group Chief Financial Officer, are not under service contracts with the Group with respect to their roles as Directors, and the Group does not have contractual obligations to provide benefits to the Directors upon termination of their directorships.

The Executive Directors' remuneration structure follows the market practice in the UAE and all payments are made tax free reflecting the UAE's status. Each of the Executive Directors is employed pursuant to a service agreement.

*Mohammed Sharaf*

Mohammed Sharaf was granted a performance delivery plan award of 72.19 per cent. (out of a maximum of 75 per cent.) for performance linked to the 2013 financial year and a long-term incentive plan award of 91.58 per cent. (out of a maximum of 100 per cent.) for performance linked to the 2011-2013 cycle. His total remuneration for the year ended 31 December 2014 (which includes his base salary and these other benefits) was U.S.$1,716,637.

*Yuvraj Narayan*

Yuvraj Narayan was granted a performance delivery plan award of 75 per cent. (out of a maximum of 75 per cent.) for performance linked to the 2013 financial year and a long-term incentive plan award of 91.58 per cent. (out of a maximum of 100 per cent.) for performance linked to the 2011-2013 cycle. His total remuneration for the year ended 31 December 2014 (which includes his base salary and these other benefits) was U.S.$1,411,343.

The Group Chief Executive Officer participates in the government pension scheme in accordance with the UAE labour law. The Group Chief Financial Officer would be entitled to end of service benefits on termination of employment in accordance with the UAE labour law.

***Short-Term Bonus and Long-Term Incentive Plans***

The Company has adopted a short-term and a long-term incentive plan for its Executive Directors and management. The performance delivery plan for the 2014 financial year (award to be paid in 2015) and 2013 financial year (award paid in 2014) is worth a maximum of 75 per cent. of annual base salary. It is made up of two components: (i) a financial component worth 70 per cent. of the overall award value; and (ii) a personal component worth 30 per cent. of the overall award value.

The financial component is based on performance assessed against a budgeted profit after tax measure. Payout on the financial component is triggered if the Company achieves 95 per cent. of its target. Maximum payout on the financial component will occur if the Company achieves 105 per cent. of its target. The payout for performance between the 95 per cent. and 105 per cent. of target is on a straight-line basis. The personal component is based on performance assessed against specific, measurable, achievable, relevant and

timebound (SMART) objectives. The objectives are particular to each individual role and can include financial based objectives and more qualitative ones.

The Company's long-term incentive plan is based on a three year performance cycle and is a cash based plan. For the 2012-2014 (award to be paid in 2015), 2013-2015 (award to be paid in 2016) and 2014-2016 (award to be paid in 2017) performance cycles, the long-term incentive plan will be assessed against two budgeted measures, with 70 per cent. of the award linked to a return on capital employed measure[1] and 30 per cent. linked to an earnings per share measure. Each of these performance cycles is worth a maximum of 100 per cent. of average annual base salary for the Executive Directors and the Chief Operating Officer and a maximum of 75 per cent. of average annual base salary for the other managers.

**Directors' Interests**

As at 31 December 2014, the Directors' shareholdings (ordinary shares) in the Company were as follows:

| Name | Position(s) | Shareholding |
|---|---|---|
| Mohammed Sharaf | Director and Group Chief Executive Officer | 28,221 |
| Yuvraj Narayan | Director and Group Chief Financial Officer | 13,864 |
| Sir John Parker | Senior Independent Non-Executive Director | 7,262 |
| Robert Woods | Independent Non-Executive Director | 2,700 |

**Corporate Governance**

For the year ended 31 December 2014, the Company complied with the regulatory obligations of the DIFC Markets Law 2012 (the "**Markets Law**") and the various rules made by the Dubai Financial Services Authority thereunder (together with the Markets Law, the "**NASDAQ Dubai Rules**"), other than paragraph 20 of Appendix 4 to the NASDAQ Dubai Rules in that the Chairman did not meet the independence criteria laid out in paragraph 31 of Appendix 4 to the NASDAQ Dubai Rules at the time of his appointment. The Chairman, Sultan Ahmed Bin Sulayem, was Chairman of Dubai World and PFZW at the time that the Company was admitted to listing in Dubai and remains one of PFZW's representatives on the Board.

The Board is comprised of eight members, consisting of two Executive Directors and six Non-Executive Directors. Of these, Sir John Parker, Deepak Parekh, Robert Woods and Mark Russell are independent.

The Chairman, in conjunction with the Senior Independent Director, is responsible for leadership and effective management of the Board in all aspects of its role and its governance. The Chairman chairs the Board meetings ensuring, with the support of the Senior Independent Director, that the agendas are forward looking and that relevant business is brought to the Board for consideration in accordance with the schedule of matters reserved to the Board and that each Director has the opportunity to consider the matters brought to the meeting and to contribute accordingly. The Group Chief Executive Officer, as leader of the Group's executive team, retains responsibility for the leadership and day-to-day management of the Group and the execution of its strategy as approved by the Board.

The Board's principal committees include the Audit Committee, the Nominations and Governance Committee and the Remuneration Committee, with formally delegated duties and responsibilities and written terms of references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. The Executive Committee has primary responsibility for the day-to-day management of the Group's operations and strategic policy implementation (such policies being established and approved by the Board). The Executive Committee is comprised of the Company's Senior Managers together with the Group Chief Executive Officer and the Group Chief Financial Officer.

1 Return on capital employed is EBIT (earnings before interest and tax) before SDIs as a percentage of total assets less current liabilities

***Audit Committee***

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting and external and internal audits and controls. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

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

The Audit Committee's remit includes the following:

- a review of the level and constitution of external audit and non-audit fees and the independence and objectivity of external auditors;
- monitoring and reviewing the effectiveness of internal audit activities, including discussions with the Director of Internal Audit;
- reviewing the effectiveness of the Group's financial reporting, internal controls and compliance with applicable legal requirements and monitoring risk and compliance procedures across the Group;
- reviewing the Company's results statements, interim management statements and annual report and accounts before publication and making appropriate recommendations to the Board following review;
- reviewing accounting policies in light of developments to international accounting standards; and
- receiving reports where appropriate in accordance with its terms of reference on business conduct issues, including any instances of alleged fraud and actions taken as a result of investigation.

As at 31 December 2014, the membership of the Company's Audit Committee was comprised of three members, all of whom are Independent Non-Executive Directors (namely Sir John Parker, Deepak Parekh and Mark Russell). The Audit Committee is chaired by Deepak Parekh whom the Board considers has appropriate financial expertise to fulfil this role. Jamal Majid Bin Thaniah was appointed as a member of the Company's Audit Committee on 17 March 2015.

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

***Nominations and Governance Committee***

The Nominations and Governance Committee assists the Board in discharging its responsibilities relating to the size and composition of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors as the need may arise. The Nominations and Governance Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board and, in particular:

- identifying individuals qualified to become Board members;
- recommending individuals to be considered for election at the next annual general meeting of the Company or to fill vacancies, and
- preparing a description of the role and capabilities required for a particular appointment.

As at 31 December 2014, the Company's Nominations and Governance Committee was composed of six members, four of whom are Independent Non-Executive Directors (namely Sir John Parker, Deepak Parekh, Robert Woods and Mark Russell), one of whom is a non-Independent Non-Executive Director (namely Jamal Majid Bin Thaniah) and one of whom is an Executive Director (namely Mohammed Sharaf). The chairman of the Nominations and Governance Committee is Sir John Parker. His Excellency Sultan Ahmed Bin Sulayem was appointed as a member of the Company's Nominations and Governance Committee on 17 March 2015.

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

***Remuneration Committee***

The Remuneration Committee determines and agrees with the Board the framework and broad policy for the remuneration of the Group Chief Executive Officer and Group Chief Financial Officer and other members of the Company's management. The policy of the committee is to review remuneration based on independent assessment and market practice. The remuneration of Independent Non-Executive Directors is a matter for the Chairman and executive members of the Board. No executive is involved in any decisions as to their own remuneration. The Remuneration Committee:

- determines and agrees with the Board, the Company's framework for remuneration;
- recommends and monitors the level and structure of remuneration to the Company's management;
- keeps under review its own performance, constitution and terms of reference; and
- considers other matters as referred to it by the Board.

As at 31 December 2014, the membership of the Company's Remuneration Committee was comprised of four members, all of whom are Independent Non-Executive Directors (namely Sir John Parker, Deepak Parekh, Robert Woods and Mark Russell). The chairman of the Remuneration Committee is Sir John Parker.

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

**Employees**

As of 31 December 2014, the Group had a team of more than 36,000 people (including those employed by consolidated subsidiaries and joint ventures). The Group's employees are engaged under a variety of employment arrangements, including, pursuant to individual employment contracts, collective bargaining agreements and through third-party sourcing. A significant majority of the Group's employees operate pursuant to collective bargaining agreements that typically cover employees in the relevant countries. The Group believes that the material terms of its collective bargaining agreements and other terms of employment are customary for the countries and industries in which the Group operates.

# DESCRIPTION OF EZW GROUP

**Overview**

The EZW Group is a provider of industrial and logistics infrastructure and, prior to the Acquisition, was a wholly-owned subsidiary of PFZW, which in turn is ultimately owned by Dubai World (which is also the ultimate majority shareholder of the Company), a decree company created and wholly-owned by the Government. The EZW Group aims to create a robust network of infrastructure platforms of economic zones and technology, logistics and industrial parks across the world in order to support the expansion of its rapidly growing international customer base. The EZW Group is currently engaged in a number of development projects across the Americas, Africa and India.

The EZW Group is comprised of five business units:

- JAFZ (one of the largest free zones in the GCC);
- JAFZA Enterprises FZE ("**Enterprises**");
- EZW Corporate ("**Corporate**") which manages TechnoPark (a research driven business and industrial park) and Dubai Auto Zone (an industry specific free zone);
- Business Centre World FZE ("**BCW**"); and
- Emerging Business Units ("**EBU**").

JAFZ is the EZW Group's primary business unit and comprised 96.3 per cent. of the EZW Group's revenue and operating profit for the year ended 31 December 2014.

For the year ended 31 December 2014, the EZW Group generated revenue of AED 1,753.9 million (U.S.$477.6 million) and EBITDA of AED 1,446.0 million (U.S.$393.7 million).

**JAFZ**

***Overview***

JAFZ was established as a free zone establishment on 5 March 2006 pursuant to Law No. 9 of 1992 of the Emirate of Dubai, with a mandate to realise the maximum commercial value from operational and commercial activities within the Free Zone (with JAFZA retaining the regulatory function in relation to the Free Zone).

The Free Zone is one of the largest operating free zones in the GCC and offers a number of incentives to foreign companies to establish operations in the Free Zone including, *inter alia*, 100 per cent. foreign ownership of establishments organised in the Free Zone and zero corporate and income tax rates for a minimum period of fifty years from the date of commencement of business by a company in the Free Zone. The Free Zone consists of an area adjoining the main road running through the Emirate of Dubai (Sheikh Zayed Road). The Free Zone is connected to a dedicated logistics corridor (the Dubai (Sea-Air) Logistics Corridor) connecting the Jebel Ali port, the Free Zone and the Al Maktoum International Airport for streamlined and efficient movement of cargo. The satellite image below illustrates the area comprising JAFZ and its juxtaposition to the Jebel Ali port, Sheikh Zayed Road and the Al Maktoum International Airport (see also "*Description of DP World – Ports Businesses – Portfolio – Middle East, Europe and Africa Region – UAE*"):


***Business activities***

Since its establishment, JAFZ, as the legal entity that can grant leases to customers in the Free Zone under Dubai law, has focused on realising the maximum commercial value from operational and commercial activities in the Free Zone.

As at and for the year ended 31 December 2014:

- 84.6 per cent. of JAFZ's total revenue in the Free Zone was derived from leasing activities, 7.7 per cent. from commercial services and 7.7 per cent. from administration services;
- approximately 83 per cent. of land (of which 100 per cent. is leasable), 95 per cent. of warehouses, 95 per cent. of offices and 100 per cent. of onsite residential accommodation were occupied;
- the Free Zone comprised approximately 55 square kilometres and hosted approximately 7,622 companies from over 130 different countries (with approximately 100 "Fortune 500" and large multinational companies as tenants); and
- approximately 45 per cent. of the Free Zone's total customers had a geographic base (based on country of incorporation) in the GCC and the Middle East, 21 per cent. in Europe, 21 per cent. in Asia and 14 per cent. in America and Africa.

The Free Zone has maintained an approximate 4.3 per cent. cumulative annualised growth rate of the number of companies established in the Free Zone over the five years to 31 December 2014.

JAFZ's business activities in the Free Zone comprise leasing activities, commercial services and administration services (each as described further below):

*Leasing activities*

Companies operating within the Free Zone are able to lease undeveloped parcels of land and develop such sites for their own use. In addition, JAFZ has developed its own warehouses, offices and onsite residential accommodation which are leased to third parties. JAFZ's leasing activities therefore include the provision and renewal of leases in relation to the land, warehouses, offices and onsite residential accommodation.

The table below summarises the types of leasing activities and the revenues earned by JAFZ therefrom as at and for the year ended 31 December 2014:

| Facility | Typical Lease Term | Typical Payment Terms[2] | License Renewal | Renewal Notice (months)[3] | Responsibility for Maintenance Costs | Responsibility for Utility Costs | Proportion of Total Leasing Revenue[4] |
|---|---|---|---|---|---|---|---|
| Land..... | 5-15 years[1] | Annual | Annual | 6m in advance | Lessee | Lessee | 43.6% |
| Warehouse ..... | 1 year | Annual | Annual | 3m in advance | JAFZ for civil structure | Lessee | 21.3% |
| Onsite residential accommodation ..... | 1 year | Annual | N/A | 3m in advance | JAFZ – all inclusive[5] | JAFZ | 17.4% |
| Office..... | 1 year | Annual | Annual | 3m in advance | JAFZ – all inclusive | JAFZ | 16.6% |

(1) Subject to renewal of up to a similar lease term, and also typically subject to a five year rent review.

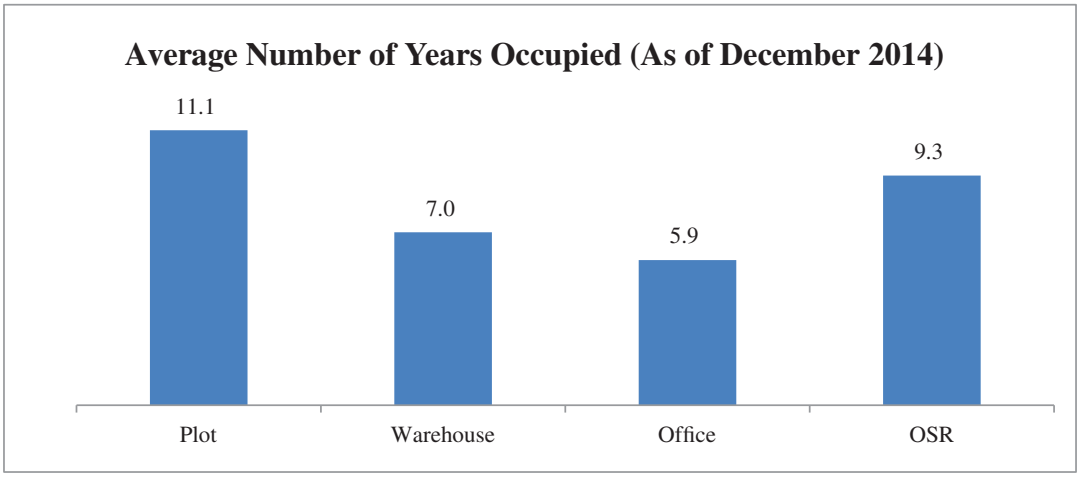
(2) Payable in advance.

(3) Rent for land is reviewed every five years in line with the current market rate in Dubai. Rent for the other facilities is usually reviewed annually and, in recent years, has been at a premium over the current market rates in Dubai.

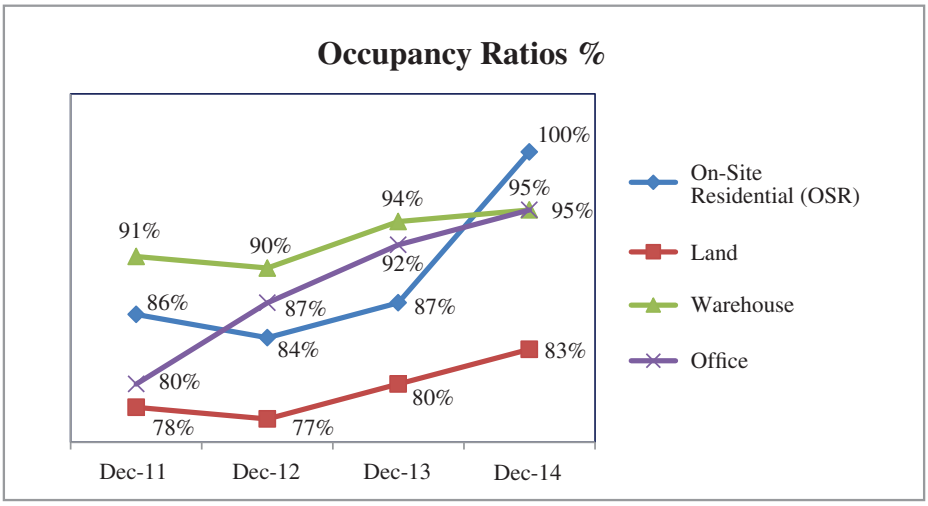
(4) The remaining 1.1 per cent. of total leasing revenue for the year ended 31 December 2014 was derived from other properties (such as retail).

(5) Excluding fixtures and fittings provided by lessee.

The recurring nature of JAFZ's leasing revenue is illustrated by the consistently high occupancy rates as well as the length of tenancy for each of its primary leasing segments:




Further, JAFZ has consistently maintained high occupancy levels across all key leasing segments:



The following is a brief description of the types of buildings which are leased to tenants within the Free Zone:

(a) *Warehouses*

The Free Zone offers two types of warehouses. The first of these is designed to be used for storage/warehousing purposes, while the second type of warehouse is designed for light industrial purposes ("**LIUs**") and has higher electricity capacity. As at 31 December 2014, approximately 50 per cent. of the leasable warehouse space was for storage/warehouse purposes while the remaining 50 per cent. was for LIUs, with a total leasable space availability for warehouses of approximately 584,000 square metres. As of the date of this Base Prospectus, approximately 93 storage warehouses and 17 LIUs were under construction, which (once completed) will increase the existing total leasable space availability for warehouses to approximately 640,000 square metres by 2016.

Warehouses are generally of a steel portal frame construction with insulated metal sheet walls and roof cladding, over a concrete block lower elevation section and concrete slab floor. There is typically a single storey ancillary office and amenity block attached at the front of the warehouse, also incorporating a bathroom and kitchenette. There are two loading doors per bay with individual bays partitioned with concrete block side elevations and a fork-lift ramp. Where tenants lease adjacent units and remove the concrete block partitioning, the combined unit has a row of three steel columns supporting the portal frame roof from front to rear.

(b) *Offices*

The Free Zone offers three types of offices, with all offices being partitioned into small lettable offices (the partitions in high rise and medium rise offices can be adjusted to accommodate the specific needs of the tenants).

The first type of offices are comprised of high rise office towers called "JAFZA View 18 and 19", which were completed in 2008 and constitute two 27-floor office towers. The office towers have a total leasable space of approximately 36,000 square metres and provide customers with turn-key offices and the ability to lease full floors. These office towers have support service facilities such as conference rooms and business centres, as well as retail outlets, restaurants and a convenience store. As of the date of this Base Prospectus, approximately two high rise towers were under construction, which (once completed) will increase the existing total leasable space availability for such offices to approximately 146,000 square metres by 2016.

The second type of offices are medium rise, "inverted trapezoid" shaped office buildings consisting of five or six upper levels, with upper floors offering larger floor space than lower floors. There is a common reception area in each building. As at 31 December 2014, the Free Zone contained three such office buildings with a total leasable area of approximately 31,400 square metres. In addition, JAFZ operates a medium rise office building with a leasable office area of approximately 27,500 square metres, of which approximately 23,800 square metres was leased as at 31 December 2014.

The third type of offices are low rise buildings with a pre-cast concrete construction, with one upper level and a flat roof with metal parapet. As at 31 December 2014, the Free Zone contained 15 such office buildings with a total leasable area of approximately 25,400 square metres.

(c) *Onsite Staff Residential Accommodation*

These buildings are generally constructed with four wings extending from a central core, each having two upper levels of a pre-cast concrete construction and a flat roof. Internally, the accommodation is divided into three main categories: (i) labour rooms (which can house four, eight or twelve people, are rectangular in shape and have two air-conditioning units, fluorescent lighting and an aluminium-framed window, while bathroom and laundry facilities are shared with other labour units); (ii) junior suites (which can accommodate three to four people and bathroom and laundry facilities are shared with other units); and (iii) senior suites (which can accommodate two to four people and

have an entrance atrium leading to the bedrooms as well as a bathroom and kitchen). As at 31 December 2014, the Free Zone contained approximately 5,500 labour rooms, 2,100 junior suites and 1,600 senior suites. As at 31 December 2014, approximately 50,000 employees of Free Zone customers resided in onsite residential accommodation. As of the date of this Base Prospectus, approximately 580 labour rooms were under construction, which (once completed) will increase the existing total onsite staff residential accommodation to approximately 9,780 rooms by 2016 and will be capable of housing approximately 54,500 employees in total.

*Commercial services*

In order to operate in the Free Zone, a prospective tenant requires a license issued by JAFZ on behalf of JAFZA. Commercial services provided by JAFZ include the registration of companies and granting trading licenses (both general and specific), industrial licenses, logistics licenses, service licenses and national industrial licenses, as appropriate.

*Administration services*

Administration services provided by JAFZ to companies operating in the Free Zone include assisting tenants in the Free Zone in interfacing with various government authorities, ministries and departments of the UAE government including, inter alia, immigration and other visa services (such as assisting tenants with regularisation of work visas or work permits), assistance in obtaining health cards and driving licenses.

***Sales and Marketing***

JAFZ attracts new customers to the Free Zone through its commercial sales division. This division serves to create and maintain brand awareness in new and existing customers, as well as to strengthen the loyalty of existing customers in the Free Zone, by using targeted advertising campaigns based on market research data as well as the input of executive vice presidents at management meetings. In its targeted advertising campaigns, JAFZ's commercial sales division attracts customers to join the Free Zone by acquainting them with the Free Zone's unique value propositions (such as its proximity to the Jebel Ali port and Al Maktoum International Airport) and by developing and implementing marketing strategies to create customer demand, raise awareness and maintain customer interest and confidence in JAFZ. JAFZ develops and implements these marketing strategies by developing and executing marketing and public relations campaigns to promote JAFZ globally, developing sales and marketing materials such as presentations, websites, sales collaterals and organising internal and external public relations events and activities. JAFZ also participates in roadshows, industry exhibitions and seminars organised by the Government as part of the Government's efforts to promote Dubai internationally as an investment and business destination.

***Regulatory framework***

JAFZA has been responsible for the regulatory function with respect to the Free Zone since its inception. However, other than the concession fee payable by JAFZ on a regular basis as a percentage of revenue earned from license and registration fees, JAFZA is not entitled to any fees or income from the Free Zone itself, and no longer undertakes any commercial or operational activities within the Free Zone.

JAFZA has entered into the following agreements with JAFZ with regard to JAFZ's rights in respect of the Free Zone:

- the concession agreement between JAFZA and JAFZ dated 13 November 2007 and amended and restated on 29 April 2012, pursuant to which JAFZA granted JAFZ a concession with exclusive rights and privileges to provide certain licensing and administration services (the "**Services**") for a period of 99 years within the specified area that comprises substantially all of the Free Zone (the "**Concession Area**") (the "**Concession Agreement**"); and

- the usufruct agreement dated 13 November 2007 and amended and restated on 29 April 2012 pursuant to which JAFZA granted JAFZ exclusive rights (the "**Usufruct Rights**") to use and benefit from the Concession Area and the fixed assets contained therein (the "**Usufruct Property**") for a period of 99 years, including the right to lease facilities to tenants, renew a lease or grant a new lease to a tenant

for occupying any part of the Concession Area (with JAFZ being the landlord) (the "**Usufruct Agreement**" and, together with the Concession Agreement, the "**Concession Documents**").

In addition, historically, JAFZA has been named as the party entering into the leases of properties within the Concession Area, rather than JAFZ. Accordingly, as JAFZ is the commercial operator of the Free Zone, JAFZA has granted to JAFZ the rights to receive rental proceeds granted under three master leases entered into between JAFZA and JAFZ with effect from 14 November 2007 (the "**Master Leases**"). The Master Leases sit above the commercial leases that JAFZA has entered into with each customer and all amounts paid by the customers for JAFZA (as landlord) are payable to JAFZ under the Master Leases as rental under the relevant Master Lease. However, for all renewals of customer leases after 31 October 2012, the relevant area of the Concession Area to which that lease being renewed relates will automatically be surrendered from the relevant Master Lease and JAFZA will no longer lease that part of the Free Zone under the Master Lease. Moreover, JAFZA will cease to have any commercial lease with the relevant renewing customer and instead JAFZ will enter into a new/renewed lease directly with the relevant customer.

JAFZA's on-going regulatory functions include:

- establishing and publishing the Jebel Ali Free Zone Rules (the "**JAFZ Rules**") governing the operation of companies within the Free Zone;
- overseeing compliance with, and subsequent enforcement of, the JAFZ Rules;
- setting and publishing, as part of the JAFZ Rules, a list of fees (the "**Tariff**") which are charged for various services within the Free Zone (although pursuant to the Concession Agreement, JAFZA has agreed, upon written request of JAFZ, to make any change to the Tariff as requested by JAFZ); and
- the right to issue licenses to companies permitting them to operate within the Free Zone (although the administrative act of issuing licenses is handled by JAFZ as designee of JAFZA for this purpose).

Apart from payment to JAFZA of a certain percentage of revenue earned from license and registration fees from its commercial services by way of a concession fee, JAFZ is entitled to retain all of its revenue and income from all of its business activities.

**Other Business Units of the EZW Group**

Apart from JAFZ, the EZW Group is comprised of the following business units:

- *Enterprises*: develops customised warehouse solutions in the Free Zone to meet bespoke needs and operational requirements of customers.
- *Corporate*: manages JAFZ and two other free zones in Dubai, namely the Dubai Auto Zone and TechnoPark:
  - (i) Dubai Auto Zone is an automotive industry specific free zone located in the Al Awir region of Dubai. It is comprised of Al Awir Free Zone for Cars, which specialises in second-hand automobile trade, and Dubai Textile City; and
  - (ii) TechnoPark is a research and development driven business and industrial park located just outside JAFZ's south zone. Its focus is on research, development and studies in core economic sectors, including energy, desalination and water resources management, environmental resource management and technology driven, knowledge based industrial development.
- *BCW*: provides fully-equipped business centre facilities on short-term leases (typically three to 12 months) in the Free Zone and is managed by Regus PLC.
- *EBU*: manages and owns 40 per cent. of Djibouti Dry Port SAFZ, an industrial zone in East Africa. EBU also owns land in India and the United States which is earmarked for future development.

The EZW Group has an experienced management team which has been able to adapt to the changing market conditions and corresponding changes in the needs of its customers. As of 31 December 2014, the EZW Group employed 408 employees across all its business units, with JAFZ staff comprising 335 employees.

**Historical Results of Operations**

***Results of operations for the year ended 31 December 2013 and 31 December 2014***

The following table summarises EZW's results of operations for the year ended 31 December 2013 and 31 December 2014.

| | Year ended 31 December | |
|---|---|---|
| | **2013** | **2014** |
| | *(Audited)* | |
| | *(AED in thousands)* | |
| Revenue | 1,580,381 | 1,753,893 |
| Cost of sales | (344,074) | (358,562) |
| **Gross profit** | 1,236,307 | 1,395,331 |
| Other operating income | 83,872 | 108,209 |
| General and administrative expenses | (188,782) | (191,758) |
| Selling and marketing expenses | (49,190) | (55,273) |
| **Operating profit** | 1,082,207 | 1,256,509 |
| Waiver of loan from the parent company | 5,164,545 | – |
| Finance income | 247,067 | 71,077 |
| Finance costs | (483,331) | (317,062) |
| **Net finance costs** | (236,264) | (245,985) |
| Share of profit from an associate | 4,041 | 4,527 |
| **Profit before tax** | 6,014,529 | 1,015,051 |
| Income tax expense | (455) | (444) |
| **Profit for the year from continuing operations** | 6,014,074 | 1,014,607 |
| Discontinued operations: | | |
| Loss for the year from discontinued operations[1] | (33,625) | – |
| **Profit for the year** | 5,980,449 | 1,014,607 |

(1) Loss for the year from discontinued operations is from the sale of the EZW Group's subsidiary EZW Gazeley Holdings Limited in June 2013.

*Revenue*

| | Year ended 31 December | |
|---|---|---|
| | **2014** | **2013** |
| | *(AED in thousands)* | |
| Lease rental income | 1,445,378 | 1,315,521 |
| Licence and registration fees | 130,611 | 121,333 |
| Administrative services | 130,346 | 103,613 |
| Management fee income | 47,558 | 39,914 |
| **Total** | 1,753,893 | 1,580,381 |

EZW's revenue for the year ended 31 December 2013 was AED 1,580.4 million as compared to AED 1,753.9 million in the year ended 31 December 2014, an increase of AED 173.5 million, or 11.0 per cent. This was

principally the result of price and volume growth in lease rental income and an increase in the volume of services in administrative services.

*Cost of sales*

| | Year ended 31 December | |
|---|---|---|
| | **2014** | **2013** |
| | *(AED in thousands)* | |
| Utilities | 102,907 | 90,484 |
| Amortisation land use right | 90,726 | 90,726 |
| Depreciation | 88,713 | 87,625 |
| Repairs and maintenance | 62,944 | 61,603 |
| Others direct operating costs | 13,272 | 13,636 |
| **Total** | 358,562 | 344,074 |

EZW's cost of sales for the year ended 31 December 2013 was AED 344.1 million as compared to AED 358.6 million in the year ended 31 December 2014, an increase of AED 14.5 million, or 4.2 per cent. This was principally as a result of an increase in utility costs resulting from higher occupancy rates.

*Other Operating Income*

| | Year ended 31 December | |
|---|---|---|
| | **2014** | **2013** |
| | *(AED in thousands)* | |
| Penalty on early termination of long term lease | 23,430 | – |
| Lease transfer, sub-lease income and lease commission | 22,343 | 14,828 |
| Public health services | 13,050 | 11,778 |
| Courier service income | 11,672 | 6,075 |
| Outdoor advertisement revenue | 5,361 | 383 |
| Rent on occupancy post termination | 5,030 | 4,296 |
| Sale of property from repossessed facility | 4,779 | 10,467 |
| Facility manager operating fee income | 4,382 | 4,403 |
| Recovery from contractors in lieu of revenue lost | – | 18,701 |
| Others | 18,162 | 12,941 |
| Total | 108,209 | 83,872 |

EZW's other operating income for the year ended 31 December 2013 were AED 83.9 million as compared to AED 108.2 million in the year ended 31 December 2014 an increase of AED 24.3 million, or 29.0 per cent.

*General and Administrative Expenses*

EZW's general and administrative expenses (which principally comprise staff costs) for the year ended 31 December 2013 were AED 188.8 million as compared to AED 191.8 million in the year ended 31 December 2014, which reflected a marginal increase of AED 3.0 million, or 1.6 per cent.

*Operating Profit*

EZW's operating profit for the year ended 31 December 2013 was AED 1,082.2 million as compared to AED 1,256.5 million in the year ended 31 December 2014, an increase of AED 174.3 million, or 16.1 per cent.

*Waiver of Loan from the Parent Company*

EZW recognized a gain of AED 5,164.5 million for the year ended 31 December 2013 as a result of a waiver of loan from its parent company.

*Net Finance Costs*

EZW's net finance costs for the year ended 31 December 2013 were AED 236.3 million as compared to AED 246 million for the year ended 31 December 2014, an increase of AED 9.7 million, or 4.1 per cent. This was principally a result of the waiver of loan from parent company in 2013 which reduced EZW's interest costs in 2014. Additionally, with the proceeds of the sale of EZW's subsidiary EZW Gazeley Holdings Limited in June 2013, EZW paid down bank borrowings, which helped reduce interest on bank borrowings from AED 183.0 million in 2013 to AED 79.3 million in 2014. EZW also recognised a foreign exchange gain of AED 189.0 million in 2013 as a result of the sale of EZW Gazeley Holdings Limited.

*Profit for the Year from Continuing Operations*

EZW's profit for the year from continuing operations for the year ended 31 December 2013 were AED 6,014.1 million as compared to AED 1,014.6 million in the year ended 31 December 2014, a decrease of AED 4,999.5 million, or 492.8 per cent. This was principally as a result of the gain recognized of AED 5,164.5 million for the year ended 31 December 2013 as a result of a waiver of loan from parent company. Without this gain EZW's profit for the year from continuing operations for the year ended 31 December 2013 was AED 849.6 million as compared to AED 1,014.6 million in the year ended 31 December 2014, an increase of AED 165.0 million, or 19.4 per cent.

**Liquidity and Capital Resources**

The EZW Group historically met its ongoing capital requirements through cash generated from operations, as well as debt financing from banks or capital markets or the issuance of equity to the extent necessary.

***Cashflow***

The following table summarises EZW's cashflow for the year ended 31 December 2013 and 31 December 2014.

| | **Year ended 31 December** | |
|---|---|---|
| | **2013** | **2014** |
| | *(AED in thousands)* | |
| Net cash from operating activities | 1,319,690 | 1,600,145 |
| Net cash from/(used in) investing activities | 404,205 | (534,162) |
| Net cash used in financing activities | (2,301,160) | (705,214) |
| **Net increase (decrease) in cash and cash equivalents** | (577,265) | 360,769 |
| Net foreign exchange translation difference | (1,758) | (359) |
| Cash and cash equivalents at the beginning of the period | 958,065 | 379,042 |
| **Cash and cash equivalents at the end of the period** | 379,042 | 739,452 |

*Cash generated from operating activities*

EZW's cash generated from operating activities for the year ended 31 December 2014 were AED 1,600.1 million, an increase of AED 280.4 million, or 21.2 per cent., compared to AED 1,319.7 million in the year ended 31 December 2013. This was principally as a result of increase in operating income and decrease in supplier advance payments.

*Cash (used in)/generated from investing activities*

EZW's cash used in investing activities for the year ended 31 December 2014 was AED 534.2 million.

EZW's cash generated from investing activities for the year ended 31 December 2013 was AED 404.2 million. This was principally as a result of proceeds from the sale of its subsidiary EZW Gazeley Holdings Limited in June 2013.

*Cash used in financing activities*

EZW's cash used in financing activities for the year ended 31 December 2014 was AED 705.2 million.

EZW's cash used in financing activities for the year ended 31 December 2013 was AED 2,301.2 million. This was primarily as a result of higher debt repayments during 2013 from the proceeds of the sale of EZW Gazeley Holdings Limited in June 2013.

***Capital Expenditures***

EZW expects to grow its capital expenditures in the next five years to approximately AED 3,800 million. This is mainly driven by reduced capital expenditures in the last few years, but as EZW's capacity has become more constrained, it is also looking to invest into increasing its capacity further.

***Indebtedness***

The EZW Group issued through its subsidiary JAFZ Sukuk (2019) Limited sukuk trust certificates for a nominal value of U.S.$650 million (AED 2.4 billion) on 19 June 2012. The sukuk is listed on NASDAQ Dubai and the Irish Stock Exchange, matures in 2019 and bears a profit commission at an average coupon rate of 7 per cent. per annum to be paid semi-annually. The carrying amounts of this sukuk are denominated in U.S. dollars.

The EZW Group obtained a syndicated term loan facility from a consortium of banks which bore interest at a rate of three months EIBOR plus 2.75 per cent. per annum, paid quarterly. Effective 22 September 2014, the interest rate on term loan was revised to EIBOR plus 1.85 per cent. per annum. During the year ended 31 December 2014, the EZW Group made repayments towards the term loan of AED 452.7 million (2013: AED 1.8 billion).

**Off-Balance Sheet Arrangements**

The EZW Group does not have any off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on its financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

**Quantitative and Qualitative Disclosures about Market Risk**

***Interest rate risk***

The EZW Group's interest rate risk arises from sukuk borrowing and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the EZW Group to fair value interest rate risk. The EZW Group management did not set a ratio of variable rate borrowings to fixed rate borrowings.

The EZW Group manages its cash flow interest rate risk by using various derivatives to hedge its risk. These are mainly interest rate caps and some of these caps are at rates above EZW's current rates.

If the interest rate on the non-hedged portion of bank borrowing of AED 1.1 billion (as of 31 December 2014) had been 1 per cent. higher/lower with all other variables held constant, profit for the year would have been AED 10.9 million lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If the interest rate on the hedged portion of bank borrowing of AED 1.1 billion (as of 31 December 2014) had been 1 per cent. higher with all other variables held constant, profit for the year would have been AED 10.5 million lower. If the interest rate had been 1 per cent. lower with all other variables held constant, profit for the year would have been AED 10.5 million higher.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The EZW Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from

lessees and derivatives, while there is no credit risk arising from due from related parties. Credit risk is managed on a EZW Group basis. The EZW Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history.

***Currency risk***

The EZW Group operates internationally but it has limited foreign exchange risk as nearly all of its assets and operations are located in the UAE.

# PORTS OPERATION INDUSTRY OVERVIEW

*Unless otherwise indicated, the information set forth below has been sourced to the Drewry Shipping Consultants Ltd. Global Container Terminal Operators Annual Review and Forecast 2014.*

**Overview**

Global seaborne trade consists of three main segments: general cargo, which is carried by conventional shipping vessels; liquid cargo, which is carried by specialised vessels such as tankers; and containerised cargo, which is carried by container vessels.

Containerisation of cargo increases the efficiency of its transportation by standardising the container used for both seaborne and overland transportation of cargo. This facilitates the integrated multi-modal transportation of cargo by sea, rail and road. Containerisation also allows for the efficient storage of goods on ships or on land, provides protection against damage to goods in transit, increases the security of the cargo during transport and enables faster loading and unloading of cargo.

First introduced in the 1950s, container shipping has expanded rapidly since that time to emerge as the dominant method for the international transportation of a broad spectrum of industrial and consumer goods, including agricultural products, raw materials and semi-manufactured and finished consumer goods. The container terminal industry has grown in line with the container shipping industry, which in turn has benefited in particular from the globalisation of world trade. According to the Global Container Terminal Operators Annual Review and Forecast 2014 by Drewry Shipping Consultants Ltd. ("**Drewry**"), global throughput reached 642.5 million TEU in 2013, up from 236.6 million TEU in 2000, a compound annual growth rate of 8.0 per cent.

**Industry Trends**

All port and terminal operators are experiencing a number of industry trends, some of which have wide ramifications. The most important of these trends are:

***Deployment of ever-large containerships***

Over the years, there has been a step-change in the size of container ships. The largest container ship in the world had a capacity of 4,960 TEU in 1995, 8,063 TEU in 2003, 15,550 TEU in 2011 and 18,270 TEU in 2014. This in turn has resulted in increased operating costs for ports and terminals since bigger ships take longer to offload but are less frequent and make fewer port calls which means greater peaks and troughs shipside and landside (for instance, weekly port calls on the Asia to North Europe trade routes decreased from approximately 36 per cent. in January 2012 to 20 per cent. in January 2014). Further, ports and terminals have had to increase their capital expenditure as well in order to cater to larger ships. For instance, terminals have increased berth depth (from 14 metres in 2004 to 17 metres in 2014), increased gantry crane outreach (from 17 boxes wide in 2004 to 23 boxes wide in 2014) and increased required target productivity (from approximately 75 boxes per hour in 2004 to 150 boxes per hour in 2014).

***Expansion of shipping line alliances***

Carrier alliances are growing in size and scope, which gives them a greater geographical reach and results in a greater concentration of volumes in fewer players (such as CMA CGM, China Shipping Container Lines and United Arab Shipping Co.'s "Ocean Three" alliance and Maersk Line and Mediterranean Shipping Co.'s 2M alliance). This may lead to more complicated negotiation of terminal contracts with alliance members wanting to benefit from "bulk" rates. Further, given the possibility of alliances calling at more than one terminal in the same port, there is also increasing pressure on terminal owners and operators for terminal consolidation in order to avoid fragmentation of terminal capacity.

***Financial pressures on shipping lines***

Due to shipping lines operating under heavy debt, there is increasing pressure on terminal operators to lower the terminal handling price. In addition, there are increasing opportunities for the acquisition of terminal

assets by other carriers (or their terminal arms) and for stevedores and financial investors to fill the void for carriers unable to invest in critical terminal capacity.

***Cooperation among global and international terminal operators on the rise***

There has been an increasing instance of global and international terminal operators entering into joint ventures or strategic alliances with each other (such as APM Terminals and Terminal Investment Limited, APM Terminals and China Shipping Terminal Development, International Container Terminal Services Inc. and PSA International, and International Container Terminal Services Inc. and CMA CGM). As a result, not only is the competition landscape becoming more complex but the shipping line alliances are less able to take advantage of their bargaining position.

***Rapidly emerging international terminal operators and owners***

The industry is currently characterised by long-established operators (such as Hutchison Port Holdings, APM Terminals, PSA International and the Group) as well as new entrants into the international markets. For instance, China Merchants Holding International has been very active over the past two years in pursuing greenfield developments and making acquisitions outside its home base in China such as its acquisition in mid-2013 of a 49 per cent. stake in CMA CGM's Terminal Link. Similarly, Gulftainer has been particularly active over the past year, notably announcing in mid-2013 the acquisition of a 51 per cent. stake in Gulf Stevedoring, which has a large terminal in Jeddah (the Kingdom of Saudi Arabia) and operates Jubail Commercial Port. As a result, competition for available assets and opportunities (including acquisitions or new concessions) has increased in the last few years.

***Financial investor churn***

Ownership of terminals by financial investors is experiencing churn as the lifespan of their investments runs its course and they make exits (for instance, Goldman Sachs sold its stake in SSA Marine in early 2014). At the same time, other companies such as Brookfield Asset Management (in respect of Mitsui OSK Lines) and Macquarie (which has interests in 12 container and multipurpose terminals mainly in Asia and North America) are making investments in the port sector. This process is creating merger and acquisition opportunities in the industry.

***Terminal automation gathering pace***

The use of automated equipment, especially yard automation, is becoming much more common, even in low labour cost locations. Other forms of automation, such as remote controlled gantry cranes, are also becoming viable options. As a result, terminal operators need to keep abreast of fast moving technological developments and consider transitioning to automation.

***Industry Demand***

Between 2011 and 2013 global gross domestic product ("**GDP**") grew by an average of 3.6 per cent. per annum (*source*: IMF World Economic Outlook, October 2014). During the same period, global container terminal throughput grew at approximately the same rate as the global GDP, driven by the increase in world trade in goods and services and the trend towards containerisation.

***World Trade in Goods and Services***

World trade in goods and services grew by an average of 4.2 per cent. per annum between 2011 and 2013, in line with the growth in global GDP (*source*: IMF World Economic Outlook, October 2014). Factors that have influenced this trend include: (i) overall reductions in the costs of trade; (ii) productivity growth in the tradable goods sector; and (iii) global increases in per capita income.

*Costs of Trade*

Over the past 20 years, frictional costs associated with global trade, including transportation, communication and search costs, tariff and non-tariff related trade barriers and foreign exchange transaction costs and risks, have decreased significantly. In particular, advances in technology have greatly improved the amount and

quality of available market information, while decreasing the costs of transportation through the implementation of more efficient processes. Similarly, the widespread adoption of increasingly liberal trade policies, as evidenced by the execution of successive multilateral and bilateral trade agreements globally, coupled with larger and more liquid capital markets, have reduced government imposed and transaction costs relating to international trade and created the ability to hedge more effectively against foreign exchange risk.

As the costs of trade fall, specialisation becomes more profitable as labour, capital, technology and resources can be sourced on a global, and increasingly efficient, basis. This trend generally results in increases in levels of both inter- and intra-industry trade and has largely been reflected in the systemic shift in global manufacturing capacity and output from west to east, especially towards China.

*Per Capita Income*

Growth in global per capita income over the past two decades has resulted in greatly increased levels of consumption around the world. As income levels rise, spending patterns tend to shift towards increased consumption of tradable goods and, in particular, manufactured products, relative to non-tradeable goods.

***Containerisation/Global Throughput***

Between 2011 and 2013, global throughput grew by an average of 4.04 per cent. per annum, which is approximately equivalent to the growth in global throughput over growth in world trade of goods and services over the same period. This multiple is primarily the result of the increased containerisation of tradable goods, but also reflects an increase in the incidence of transhipment over the period. The rate of containerisation has slowed over the past 30 years because almost all tradable goods that are capable of being transported along the deep-sea trade routes in containers are now transported in this way and, in recent years, the rate of containerisation has increasingly reflected the containerisation of new products, such as paper and other types of cargo that were traditionally considered break bulk, which advances in technology have enabled. However, despite the near-completion of the process of containerisation, trade routes to and from particular countries and geographical regions, notably Latin America, the Indian subcontinent and Africa, continue to offer scope for significant growth in container volumes.

Adverse global economic trends led to container throughput at the world's ports falling for the first time ever, from 525 million TEU in 2008 to 473 million TEU in 2009, a drop of almost 10 per cent. Most global container terminal operators experienced reduced volumes across their networks during 2009 before volumes started increasing in 2010. According to current forecasts in Drewry's Global Container Terminal Operators Annual Review and Forecast 2014, the annual average growth rate for global throughput and global capacity between 2013 and 2018 is expected to be 5.6 per cent. and 3.3 per cent., respectively. By 2018, global throughput volumes are expected to exceed 840 million TEU and the global utilisation rate is expected to increase from 67 per cent. in 2013 to 75 per cent. in 2018 (but with wide variations at the sub-region level).

***Regional Variations in Demand***

There are significant regional variations in container traffic. In 2013, Asia, Europe and the Middle East Indian subcontinent recorded the largest percentage share of gross throughput of 53.8 per cent., 17.9 per cent. and 8.4 per cent., respectively, compared to 53.2 per cent., 18.0 per cent. and 8.5 per cent., respectively, in 2012. Following the global financial crisis and the consequent reduction in world trade, container terminal operators have increasingly adopted a more conservative approach to their development plans by ensuring that additional capacity is made available based on demand.

**O&D versus Transhipment**

The two main categories of throughput are origin and destination (O&D), also referred to as import and export, and transhipment. Every container shipped by sea is by definition an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is said to be transhipped, which gives rise to transhipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal.

***O&D***

O&D throughput is often preferred by container terminal operators for the following reasons:

- terminal operators typically earn more revenue per quay crane lift from O&D throughput than from transhipment throughput;
- terminal operators earn additional revenue by charging for delivery or reception of the container from the shipper or consignee;
- terminal operators have the opportunity to generate additional revenue from ancillary services, such as container freight stations and container cleaning; and
- whereas shipping lines can relatively easily transfer transhipment throughput to other ports in the same region, O&D throughput is usually most cost-effectively handled by one port, preferably close to the point of consumption, which makes O&D throughput less likely to be lost to competitors and less price sensitive than transhipment throughput.

***Hub-and-Spoke (Gateway)***

As the latest generation of container ships on order have nominal capacities in excess of 18,000 TEU and are too wide and too deep to call at many ports in the world, shipping lines may instead seek to, or be required to, rationalise the number of port calls they make. This trend is expected to result in shipping lines favoring larger, centrally placed ports in a region leading to the creation of hub-and-spoke or gateway terminals. To compete effectively under this model, container terminal operators will need to be able to handle larger vessels, and some operators already have the necessary infrastructure in place or are constructing new facilities with this factor in mind. The hub-and-spoke model also implies an increased level of throughput carried by feeder lines between hub ports and final destinations, which places demands on smaller ports to develop the facilities necessary to handle containers at dedicated container berths.

***Transhipment***

Despite the advantages of O&D throughput, there are numerous large container terminals around the world for which transhipment accounts for a very high percentage of total throughput. Current examples include Singapore, Tanjuung Pelepas (Malaysia), Gioia Tauro (Italy), Salalah (Oman), Algeciras (Spain), Balboa (Panama), Freeport (Bahamas) and Marsaxlokk (Malta). Many of these terminals are operated by, or involve an equity stake holding by, a major shipping line, which benefits from the transhipment capacity and provides the terminal with a reliable level of volume.

According to Drewry's Container Forecaster for Q4 2014, the incidence of transhipment at container terminals worldwide (as a percentage of global throughput) increased from 17.6 per cent. in 1990 to 28.0 per cent. in 2013, which has provided a boost to growth in global throughput over the period since the inclusion of transhipment along an otherwise direct O&D route adds at least two port moves to each container shipment. However, the trend of an increasing incidence of transhipment has slowed in recent years and is forecast to stop in the short to medium term. Drewry estimates that the incidence of transhipment at container terminals worldwide (as a percentage of global throughput) will remain the same through 2018. Drewry's estimates reflect the fact that shipping lines often prefer not to tranship containers, where possible, as they are not always able to pass on the full costs associated with transhipment to their customers.

**Leading Container Terminal Operators**

The container terminal industry is characterised by a small number of large operators. The five largest terminal operators by throughput and capacity collectively accounted for 420.3 million TEU of global gross capacity as of 31 December 2013 and 49.7 per cent. of global gross throughput for the year ended 31 December 2013. Global terminal operators compete increasingly based on the size and diversification of their terminal portfolios, which enable them to offer global networks to their liner customers, who are themselves consolidating and becoming increasingly large. Consequently, new container terminal market participants face significant barriers to entry.

The following table provides a breakdown of terminal operators by gross throughput, equity adjusted throughput and market share for the years ended 31 December 2012 and 2013:

| | Gross throughput[1] | | Equity-adjusted throughput[2] | | Market share of gross throughput | |
|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** | **2013** | **2012** |
| | *(TEU in millions)* | | | | *(per cent.)* | |
| Hutchison Port Holdings | 76.1 | 74.3 | 45.0 | 44.8 | 11.8 | 12.0 |
| APM Terminals | 68.0 | 66.2 | 35.0 | 33.7 | 10.6 | 10.6 |
| PSA International | 61.7 | 59.7 | 52.9 | 50.9 | 9.6 | 9.6 |
| Cosco[3] | 59.9 | 56.3 | 18.6 | 17.0 | 9.3 | 9.0 |
| DP World[4] | 53.7 | 54.5 | 32.8 | 33.4 | 8.4 | 8.8 |
| Terminal Investment Limited | 29.9 | 26.6 | 15.4 | 13.5 | 4.6 | 4.3 |
| China Merchants Holdings International | 23.5 | 21.5 | 23.1 | 20.8 | 3.7 | 3.5 |
| China Shipping Terminal Development | 20.3 | 20.7 | 8.5 | 8.6 | 3.2 | 3.3 |
| Hanjin | 14.4 | 13.5 | 7.7 | 7.8 | 2.2 | 2.2 |
| Eurogate[5] | 14.0 | 13.0 | N/A | N/A | 2.2 | 2.1 |
| Evergreen[6] | N/A | N/A | 7.4 | 7.5 | N/A | N/A |
| Ten largest global terminal operators | 421.5 | 406.3 | 246.4 | 238.0 | 65.6 | 65.4 |
| Remaining global terminal operators | 90.1 | 85.2 | 55.6 | 54.1 | 14.0 | 13.7 |
| **Total** | 511.6 | 491.5 | 302.0 | 292.1 | 79.6 | 79.1 |

(1) Figures include throughput for all terminals in which 10 per cent. or more shareholding was held as of 31 December 2012 or 2013 (as applicable).

(2) Equity adjusted throughput is determined by multiplying the gross throughput of a particular container terminal by the relevant terminal operator's economic interest in such terminal.

(3) Includes Cosco Container Lines and Cosco Pacific.

(4) Figures as reported by Drewry.

(5) Eurogate is amongst the ten largest global terminal operators measured in gross throughput (but not when measured in equity-adjusted throughput).

(6) Evergreen is amongst the ten largest global terminal operators measured in equity-adjusted throughput (but not when measured in gross throughput).

Drewry divides global terminal operators into three broad categories:

- ***Global stevedores*** – these are companies whose primary business is port operations and that view terminals as profit centres;
- ***Global carriers*** – these are companies whose main business is container shipping, but which have investments in container terminals to support this core activity and that often run terminals as cost centres; and
- ***Global hybrids*** – these are companies where the main activity, or that of the parent group, is container shipping, but which have established separate terminal operating business units that handle a significant amount of third party business, as well as in-house traffic.

Of the top ten largest terminal operators by gross throughput, Drewry considers seven to be global stevedores (comprised of Hutchison Port Holdings, APM Terminals, PSA International, the Group, Terminal Investment Limited, China Merchants Holding International and Eurogate); one to be global carrier (Hanjin); and two to be global hybrids (comprised of Cosco and China Shipping Terminal Development).

### Ownership and Operating Structures

Container terminals operate under a number of different ownership and operating structures, which can vary by region. The various ownership models are summarised in the table below:

| Mode of Ownership | Land area | Terminal infrastructure | Terminal superstructure (cranes/yard equipment) | Quayside operations | Landslide operations | Example |
|---|---|---|---|---|---|---|
| 100 per cent. state owned and operated | State owned | Owned and constructed by port authority | State owned | Port authority | Port authority | Haifa (Israel), Durban (South Africa) |
| "Suitcase" stevedores | State owned | Owned and constructed by port authority | State owned | Private stevedores (common-berths) | Port authority | Shuwaikh (Kuwait) |
| Leased terminal | State owned | Owned and constructed by port authority | Privately owned or rented from port authority | Terminal operator | Terminal operator | Oakland Container Terminal (USA), ECT (Rotterdam) |
| Concession agreement | State owned | Owned and constructed by port authority | Privately owned | Terminal operator | Terminal operator | Port 2000, Le Havre (France), Santos Brasil (Brazil) |
| BOT concession | State owned | Owned and constructed by port authority | Privately owned | Terminal operator | Terminal operator | Laem Chabang (Thailand), JNPT (India) |
| 100 per cent. privately owned | Privately owned | Privately owned | Privately owned | Terminal operator | Terminal operator | Teesport (U.K.), Liverpool (U.K.) |

*Source*: DP World, developed from Drewry's Global Container Terminal Operators Annual Review and Forecast 2014.

A large number of countries around the world still operate under the state owned model, whereby the port land remains the property of the state and an operator has varying degrees of rights and obligations. In the United Kingdom, most container terminals are 100 per cent. privately owned, although this is a relatively rare structure. Conversely, in the United States, container terminal operators will usually lease the terminal infrastructure and equipment from the state.

Concession agreements have traditionally been used in developed economies, but in recent years have started to be used as a privatisation vehicle for emerging economies. Typical concession terms include: royalty fees as a percentage of revenue and/or volume; up-front payment and/or commitment to make capital expenditure; nominal rent per hectare or per meter; and 25 to 50 year duration. Based on its experience, the Group would expect that incumbent operators will typically be granted concession renewal, often because it can be costly, both administratively and due to initial inexperience or inefficiency of a new operator, for a port owner to switch operators.

The trend towards privatisation and build-operate-transfer ("**BOT**") schemes discussed above has been driven largely by governments attempting to fund much-needed container port development projects in order to improve the trade competitiveness of their respective countries. Drewry's Global Container Terminal Operators Annual Review and Forecast 2014 estimates that the proportion of global throughput handled at state-run terminals, other than those controlled by global terminal operators with a state as the controlling shareholder, has declined from approximately 42.0 per cent. in 1993 to approximately 30.0 per cent. in 2013. If certain terminal operators which are ultimately state owned but operate more like private companies (such as PSA International and the Group) are excluded, then the proportion of global throughput attributable to state-run terminals would be further reduced to approximately 10.0 per cent. in 2013. Privatisation and BOT initiatives are aimed specifically at expanding quay length and yard area to increase throughput capacity, increasing port efficiency by adding container handling equipment and implementing technological improvements.

# BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Company nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

**Book-Entry**

***Systems DTC***

DTC is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "**banking organisation**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede &

Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

**Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

**Book-Entry Ownership and Payment in Respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Certificate (as defined herein), the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Paying Agent, the Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

**Transfers of Notes Represented by Global Certificates**

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to

exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other hand, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Issuing and Paying Agent, the Paying Agent and any custodian ("**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrars, the Issuing and Paying Agent, the Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Clearstream, Luxembourg or Euroclear accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Company, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

# TAXATION

## General

The following is a general description of certain United States, European Union and United Arab Emirates tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those jurisdictions or elsewhere. It is not intended and does not constitute tax advice or legal opinion. Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any changes in law that might take effect after such date.

## United Arab Emirates (excluding the Dubai International Financial Centre)

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Base Prospectus and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the Emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments of interest and principal to any holder of the Notes. In the event of such imposition of any such withholding, the Issuer has undertaken to gross up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the UAE government the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

## Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the "**DIFC Law**"), entities licensed, registered or otherwise authorised to carry on financial services in the Dubai International Financial Centre and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the Dubai International Financial Centre. Article 14 of the DIFC Law also provides that it is possible to renew the 50 year period to a similar period upon issuance of a resolution by the Ruler of Dubai. As a result no payments by the Issuer under the Notes are subject to any tax in the Dubai International Financial Centre, whether by withholding or otherwise.

## United States Federal Income Taxation

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their issue price (as defined below);

- Notes held as capital assets;
- U.S. Noteholders (as defined below); and
- Notes with an original maturity of 30 years or less.

This discussion does not describe all of the tax consequences that may be relevant in light of a Noteholder's particular circumstances or to Noteholders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- U.S. Noteholders whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as of the date of this Prospectus and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Notes should consult the relevant Final Terms (or Pricing Supplement, as applicable) for any additional discussion regarding U.S. federal income taxation and should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under other U.S. federal tax rules (such as the Medicare contribution tax), the laws of any state, local or non-U.S. taxing jurisdiction.

This summary does not discuss Notes that by their terms may be retired for an amount less than their principal amount and Notes subject to special rules. Moreover, this summary does not discuss Bearer Notes. In general, U.S. federal income tax law imposes significant limitations on U.S. Noteholders of Bearer Notes which are not being marketed to U.S. persons. U.S. Noteholders should consult their tax advisors regarding the tax consequences with respect to the acquisition, ownership and disposition of Notes.

As used herein, the term "**U.S. Noteholder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual that is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if: (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) the trust has validly elected to be treated as a United States person for U.S. federal income tax purposes.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisors regarding the U.S. federal tax consequences of an investment in the Notes.

***Payments of Stated Interest***

Interest paid on a Note will be taxable to a U.S. Noteholder as ordinary interest income at the time it accrues or is received in accordance with the Noteholder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Noteholder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the Noteholder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount Notes and foreign currency Notes are described under "– *Original Issue Discount*," "– *Contingent Payment Debt Instruments*," and "– *Foreign Currency Notes*."

***Original Issue Discount***

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Note**") unless the Note satisfies a *de minimis* threshold (as described below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "**Qualified stated interest**" is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity, the Note will not be considered to have original issue discount. U.S. Noteholders of the Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note.

U.S. Noteholders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Noteholders generally will have to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Noteholder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election (a "**constant yield election**") only with the permission of the U.S. Internal Revenue Service ("**IRS**"). If a U.S. Note Holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Noteholder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Noteholder on or after the first day of the first taxable year to which such election applies. U.S. Noteholders should consult their tax advisors about making this election in light of their particular circumstances.

***Market Discount***

If a U.S. Noteholder purchases a Note for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its adjusted issue price, the amount of the difference will

be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Noteholder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Noteholder pursuant to an election by the Noteholder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Noteholder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Noteholder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Noteholder makes an election on a Note to accrue on the basis of a constant interest rate. This election is irrevocable once made.

***Acquisition Premium and Amortisable Bond Premium***

A U.S. Noteholder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the stated redemption price at maturity will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Noteholder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Noteholder purchases a Note for an amount that is greater than the stated redemption price at maturity, the Noteholder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The Noteholder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A Noteholder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the Noteholder and may be revoked only with the consent of the IRS.

If a U.S. Noteholder makes a constant yield election (as described under "– *Original Issue Discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Noteholder's debt instruments with amortisable bond premium.

***Sale, Exchange or Retirement of the Notes***

Upon the sale, exchange or retirement of a Note, a U.S. Noteholder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Noteholder's adjusted tax basis in the Note. A U.S. Noteholder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of original issue discount and market discount included in the U.S. Noteholder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Noteholder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid stated interest on the Note. Amounts attributable to accrued but unpaid stated interest are treated as payments of interest as described under "– *Payments of Stated Interest*".

Gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Noteholder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount not previously included in the Noteholder's taxable income. See "*Original Issue Discount*"

and "– *Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes, and contingent payment debt instruments. See "*Foreign Currency Notes*" and "– *Contingent Payment Debt Instruments*". The deductibility of capital losses is subject to limitations.

***Contingent Payment Debt Instruments***

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules) they generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Noteholder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's "projected payment schedule" as described below. The comparable yield is determined by us at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Noteholder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

**Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.**

For U.S. federal income tax purposes, a U.S. Noteholder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments unless the Noteholder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Noteholder, regardless of the Noteholder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Noteholder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a Noteholder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
    - the amount of all previous interest inclusions under the contingent payment debt instrument over
    - the total amount of the U.S. Noteholder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the 2 per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Noteholder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument

over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Noteholder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Noteholder's adjusted basis in the contingent payment debt instrument. A U.S. Noteholder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Noteholder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any noncontingent payments and the projected amount of any contingent payments previously made on the Note. A U.S. Noteholder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a Noteholder recognises loss above certain thresholds, the Noteholder may be required to file a disclosure statement with the IRS (as described under "– *Reportable Transactions*").

A U.S. Noteholder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The Noteholder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, these Notes are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Noteholders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such Notes.

***Foreign Currency Notes***

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Noteholder of the ownership and disposition of the Notes that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are determined by reference to a currency other than the U.S. dollar ("**foreign currency Notes**")

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the Noteholder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a Noteholder should make any of these elections may depend on the Noteholder's particular U.S. federal income tax situation. U.S. Noteholders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Noteholder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Noteholder's tax basis in the foreign currency.

An accrual method U.S. Noteholder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. The U.S. Noteholder will recognise ordinary income or loss

with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. Noteholder or cash method U.S. Noteholder accruing original issue discount may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the relevant taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Noteholder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Noteholder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Noteholder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the Noteholder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Noteholder who purchases a foreign currency Note with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Noteholder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Noteholder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the Noteholder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the Noteholder on whose books the Note is properly reflected. Any gain or loss realised by these Noteholders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount not previously included in the Noteholder's income provided that the Note is not a Foreign Currency Contingent Payment Debt instrument. Noteholders should consult their tax

advisors with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue.

A U.S. Noteholder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations provided that the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either: (i) the Note is not traded on an established securities market; or (ii) it is and the Noteholder is an accrual method taxpayer that does not make the election described above with respect to such Note, exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale. Any gain or loss realised by a U.S. Noteholder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Noteholder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Noteholder will be allowed as a credit against the Noteholder's U.S. federal income tax liability and may entitle them to a refund, provided that the required information is furnished to the IRS.

***Reporting Requirements***

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Noteholder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.$50,000 in a single taxable year if the U.S. Noteholder is an individual or trust, or higher amounts for other U.S. Noteholders. In the event the acquisition, ownership or disposition of the Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Noteholder will be required to disclose its investment by filing Form 8886 with the IRS.

U.S. Noteholders should consult their tax advisors regarding the application of these rules as well as any additional filing or reporting obligations that may apply to the acquisition, ownership or disposition of the Notes.

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Noteholder's particular situation. Noteholders should consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.**

**EU Savings Directive**

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

**The proposed financial transactions tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

# CERTAIN ERISA AND OTHER U.S. CONSIDERATIONS

## General

Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the Code, prohibit a broad range of transactions involving : (a) the assets of employee benefit plans subject to Title I of ERISA and other plans as defined in and subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans (collectively, "**Plans**"), and entities whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of a Plan's investment in such entities (together with Plans, the "**Benefit Plan Investors**"); and (b) persons who have certain specified relationships to such Plans ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code, collectively, "**Parties in Interest**"), unless a statutory or other exemption applies. A violation of these "prohibited transaction" rules may result in the imposition of an excise tax upon the Party in Interest, the rescission of the transaction or other liabilities under ERISA and/or Section 4975 of the Code, unless exemptive relief is available under an applicable statutory or administrative exemption.

Any fiduciary of a Benefit Plan Investor who proposes to cause a Benefit Plan Investor to purchase a Note or any interest therein (to the extent permitted by the terms of the Note) should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase, holding and disposition will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Certain other employee benefit plans which are not Benefit Plan Investors, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), may be subject to U.S. federal, state, local or non-U.S. laws or regulations which are substantially similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code ("**Similar Law**"). Fiduciaries of such plans should consult with their counsel before they purchase any of the Notes or any interest therein (to the extent permitted by the terms of the Note) to determine the need for, and the availability of, if necessary, any exemption relief under any such law and regulation.

## Prohibited Transaction Exemptions

The fiduciary of a Benefit Plan Investor that proposes to purchase and hold any Notes or interest in a Note (if permitted by the terms of the Note) should consider, amongst other things, whether such purchase and holding may involve: (i) the direct or indirect extension of credit to a Party in Interest; (ii) the sale or exchange of any property between a Benefit Plan Investor and a Party in Interest; or (iii) the transfer to, or use by or for the benefit of, a Party in Interest of any assets of a Benefit Plan Investor. Such Parties in Interest could include, without limitation, the Issuer, the Company, the Arrangers, the Dealers or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the fiduciary of the Benefit Plan Investor making the decision to acquire or hold the Notes or any interest therein on behalf of a Benefit Plan Investor, Section 408(b)(17) of ERISA or Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (relating to transactions effected by a "**qualified professional asset manager**"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "**Class Exemptions**") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes or any interest therein.

Subject to certain exceptions, if a Plan invests in an equity interest or indebtedness having substantial equity features of an entity, then the Plan's assets include for purposes of ERISA both such equity interest or indebtedness, and an undivided interest in the entity's underlying assets. The application of ERISA to the Issuer's underlying assets and activities would adversely affect the operations of the Issuer and its affiliates,

and could result in violations of ERISA. Unless otherwise provided in the terms of a Note, the Issuer will proceed based on the position that the Notes should not be considered to be "equity interests" or "indebtedness having substantial equity features" of the Issuer for purposes of ERISA and, subject to the requirements discussed herein, the Notes may generally be purchased and held by Benefit Plan Investors.

Accordingly, unless otherwise provided in the terms of a Note, each purchaser of a Note (or any interest therein) will be deemed to have represented and warranted either that: (i) no assets of a Benefit Plan Investor or Similar Law plan have been used to acquire or will be used to hold such Notes or an interest therein; or (ii) the purchase, holding and subsequent disposition of such Notes or an interest therein by such person will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law.

If the terms of a Note prohibit the purchase by Benefit Plan Investors, or plans subject to Similar Law, through its purchase of such Note (or any interest therein), the purchaser thereof will be deemed to have represented and warranted that it is not and will not be for as long as it holds the Note (or interest therein) a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to Similar Law. Any purported purchase or transfer of a Note or any interest therein that does not comply with the foregoing shall be null and void *ab initio*.

Each Plan fiduciary (and each fiduciary for a Similar Law plan) should consult with its legal or other advisors concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes or any interest therein.

# SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 13 April 2015, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes for their own account or for resale to investors and other purchasers at varying pricing relating to prevailing market prices at the time of resale as determined by any Dealer or for resale at a fixed offering price. Any such agreement will extend to those matters stated under "*Summary of Provisions relating to the Notes while in Global Form"* and *"Terms and Conditions of the Notes*".

In accordance with the terms of the Dealer Agreement, the Issuer will pay each relevant Dealer a commission as agreed between the Issuer and such Dealers in respect of Notes subscribed by it. The Issuer has agreed in the Dealer Agreement to reimburse the Dealers for certain of their expenses in connection with the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Dealer Agreement entitles the relevant Dealer(s) to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages re-sales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations, stabilising activities may only be carried on by the Stabilising Manager(s) named in the relevant subscription agreement (or persons acting on behalf of any Stabilising Manager(s)) or, as the case may be, named in the relevant Pricing Supplement, and only for a limited period following the Issue Date of the relevant Tranche of Notes.

### Transfer Restrictions

***As a result of the following restrictions, purchasers of Notes who are in the United States or who are U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each purchaser of Registered Notes (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and is not a U.S. person;

(ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers;

(iii) that it is not formed for the purpose of investing in the Issuer;

(iv) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;

(v) that it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;

(vi) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(vii) that, unless it holds an interest in a Unrestricted Global Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144A of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only: (a) to the Issuer or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A; (c) outside the United States in compliance with Rule 903 or Rule 904 under Regulation S of the Securities Act; (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;

(ix) that Notes initially offered in the United States to QIBs will be represented by one or more Restricted Global Certificates and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;

(x) that it understands that the Issuer has the power to compel any beneficial owner of Notes represented by a Restricted Global Certificate that is a U.S. person and is not a QIB to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio;*

(xi) except as otherwise provided in the terms of a Note, the purchaser of a Note or any interest therein represents and agrees that either: (i) no assets of a Benefit Plan Investor, or non-U.S. plan, governmental or church plan that are subject to Similar Law have been used to acquire such Notes or an interest therein; or (ii) the purchase, holding and subsequent disposition of such Notes or an interest therein by such person will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law. Any purported purchase or transfer of such an interest that does not comply with the foregoing shall be null and void *ab initio;*

(xii) to the extent Benefit Plan Investors or Similar Law plans are prohibited from purchasing a Note or any interest therein under the terms of a Note, the purchaser of such Note (or any interest in a Note) represents and warrants that it is not, and for so long as it holds such Note or interest it will not be, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to Similar Law. Any purported purchase or transfer that does not comply with the foregoing shall be null and void *ab initio;*

(xiii) that the Notes in registered form, other than the Unrestricted Global Certificate, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT: (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT) ("**QIB**") PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS IN A MINIMUM PRINCIPAL AMOUNT OF U.S.$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) AND THAT IT IS NOT: (I) A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (II) FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER; AND (III) A PLAN OR TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(I)(D), (E) OR (F) OF RULE 144A IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE ISSUER OR ANY AFFILIATE THEREOF; (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER REGULATION S OF THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB, THE ISSUER MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (I) IS A U.S. PERSON WHO IS A QIB THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE

EQUAL TO THE LESSER OF: (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE; (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF; OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE.

[THIS SECURITY (OR ANY INTEREST HEREIN) MAY BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF AND SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE) THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF 29 C.F.R. 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), PROVIDED THAT EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER: (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS SECURITY OR INTEREST THEREIN WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) A BENEFIT PLAN INVESTOR OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR WHICH IS SUBJECT TO SIMILAR LAW; OR (B) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR THE CODE AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A SECURITY OR INTEREST THEREIN THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.][2]

[THIS SECURITY (OR ANY INTEREST HEREIN) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")). EACH HOLDER OF SUCH A SECURITY WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO BE) AND FOR SO LONG AS IT HOLDS THIS SECURITY WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) A BENEFIT PLAN INVESTOR OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"). ANY PURPORTED PURCHASE OR TRANSFER OF A SECURITY OR INTEREST THEREIN THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.][3]

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB.

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2 Include if the Notes are treated as "debt" for U.S. federal income tax purposes.

3 Include if the Notes are treated as "equity" for U.S. federal income tax purposes.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(xiv) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

(xv) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as forty (40) days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes of the Tranche of which it forms part), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under Regulation S of the Securities Act; or (ii) to a QIB in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF

THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

(xvi) that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) of Registered Notes.

The Bearer Notes will bear a legend to the following effect:

"UPON ANY TENDER OF THE ENCLOSED BEARER NOTE TO THE ISSUER OR ITS AGENT FOR PAYMENT, THE ISSUER SHALL REQUIRE A CERTIFICATE REPRESENTING THAT THE BEARER EITHER: (A) WAS NOT AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. RESIDENT BENEFICIAL OWNER; OR (B) IS, OR WAS AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. BENEFICIAL OWNER WHO PURCHASED THE NOTES DIRECTLY FROM THE ISSUER WHILE RESIDENT ABROAD, OR IN A *BONA FIDE* SECONDARY MARKET TRANSACTION NOT INVOLVING THE ISSUER, ITS AGENTS, AFFILIATES, OR INTERMEDIARIES."

**Selling Restrictions**

***Dubai International Financial Centre***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**"); and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws and regulations of Japan.

***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under

Article 10 or Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with the KSA Regulations.

The offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations. Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Notes, including as follows:

(i) a Saudi Investor (referred to as a "**transferor**") who has acquired Notes pursuant to a private placement may not offer or sell Notes to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

  (a) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

  (b) the Notes are offered or sold to a sophisticated investor; or

  (c) the Notes are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;

(ii) if the requirement of paragraph (i)(a) above cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(iii) if the requirement in paragraph (ii) above cannot be fulfilled, the transferor may offer or sell Notes if he/she sells his entire holding of Notes to one transferee; and

(iv) the provisions of paragraphs (i), (ii) and (iii) above shall apply to all subsequent transferees of the Notes.

***Malaysia***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"); and

(ii) accordingly, the Notes have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

***Republic of Italy***

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the "**Banking Act**");

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

***United Arab Emirates (excluding the Dubai International Financial Centre)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("**Regulation S Notes**"), each Dealer represents and agrees that it will not offer, sell or deliver such Regulation S Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer further agrees that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder.

(i) In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be, the relevant Dealer will be required to represent and agree that:

  (a) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"): (A) it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person; and (B) it has not delivered and it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

  (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

  (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);

  (d) with respect to each affiliate that acquires Bearer Notes from it for the purpose of offering or selling such Notes during the restricted period, it repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf; and

(e) it will obtain from any distributor (within the meaning of U.S. Treasury Regulations Section 1.163 5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (other than a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraphs (a), (b), (c) and (d) above insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder, including the D Rules.

(ii) In respect of Bearer Notes where TEFRA C is specified in the applicable Final Terms or Pricing Supplement, as the case may be, the relevant Dealer will be required to represent and agree that:

(a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of the Bearer Notes; and

(b) in connection with the original issuance of the Bearer Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of the Bearer Notes.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury Regulations thereunder, including the C Rules and Notice 2012-20.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Registered Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes has been notified in this Base Prospectus that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (or the approximate equivalent thereof in any other currency).

**General**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement or, as the case may be, in the relevant Final Terms or the Pricing Supplement (as applicable).

# GENERAL INFORMATION

**Authorisation**

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer dated 30 May 2007. The update of the Programme was authorised by a resolution of the board of directors of the Issuer dated 17 March 2015. The Issuer has obtained or will obtain from time to time, all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

**Listing of the Notes**

It is expected that each Tranche of the Notes (other than Non-PD Notes) which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note, a Global Certificate or Notes initially representing the Notes of such Tranche. Application has been made to the U.K. Listing Authority for Notes issued under the Programme (other than Non-PD Notes) to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Regulated Market. The listing of the Programme in respect of such Notes is expected to be granted on or before 16 April 2015.

Non-PD Notes may be issued pursuant to the Programme.

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business for which they may receive fees. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and its affiliates routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Significant or Material Change**

Other than as disclosed under "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Recent Developments – Current Trading*" on page 107 of this Base Prospectus and in "*Description of DP World – History – Regional and international expansion through acquisitions – EZW Group*" on page 130 of this Base Prospectus, there has been no significant change in the financial or trading position of the Company or the Group since 31 December 2014. There has been no material adverse change in the prospects of the Company or the Group since 31 December 2014.

**Litigation**

Apart from the legal proceedings disclosed on page 145 of this Base Prospectus, there are, and have been, no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the twelve months preceding the date of this Base Prospectus that may have, or have had, significant effects on the Group's financial position or profitability.

**Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, as applicable). In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes and the CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Final Terms (or Pricing Supplement, as applicable).

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

**Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Auditors**

The audited consolidated financial statements of the Company as at and for the year ended 31 December 2014, and as at and for the year ended 31 December 2013 have been audited by KPMG LLP, independent auditors, as stated in their audit report appearing herein. The registered office of KPMG LLP is P.O. Box 3800, Level 32, Emirates Towers, Sheikh Zayed Road, Dubai, UAE.

The audited consolidated financial statements of EZW as at and for the years ended 31 December 2014 and 31 December 2013 have been audited by PricewaterhouseCoopers (Dubai Branch), as stated in their audit report appearing herein. PricewaterhouseCoopers (Dubai Branch) are independent auditors registered to practice as auditors with the Ministry of Economy in the U.A.E. as stated in their audit report appearing herein. The registered office of PricewaterhouseCoopers (Dubai Branch) is Emaar Square, Building 4, Level 8, P.O Box 11987, Dubai, U.A.E.

**Documents available for inspection**

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available during normal business hours for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(a) the constitutional documents of the Issuer;

(b) the Trust Deed and the Agency Agreement and the forms of the Global Notes, Global Certificates, Notes in definitive form, the Receipts, the Coupons and the Talons;

(c) the DPW Financial Statements, together with the audit reports prepared in connection therewith;

(d) the EZW Financial Statements, together with the audit report prepared in connection therewith;

(e) the most recently published audited consolidated financial statements of the Issuer and the most recently published unaudited interim condensed consolidated financial statements (if any) of the Issuer, together with any audit or review reports prepared in connection therewith.

(f) a copy of this Base Prospectus;

(g) any future offering circulars, prospectuses, information memoranda and supplements, including Final Terms and Pricing Supplements (save that a Pricing Supplement will only be available for inspection by a holder of a Non-PD Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of such Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

This Base Prospectus will also be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at *www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.*

# INDEX TO FINANCIAL STATEMENTS

# DP World Limited
# and its subsidiaries

## Consolidated financial statements
*31 December 2014*

# DP World Limited and its subsidiaries

## Consolidated financial statements

*31 December 2014*

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KPMG LLP
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PO Box 3800
Dubai, United Arab Emirates

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Website: www.ae-kpmg.com

**Independent auditors' report**

The Shareholders
DP World Limited

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of DP World Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent auditors' report (continued)**

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

*KPMG LLP*
Rohit Rajvanshi
Dubai, UAE
Dated: 19 March 2015

# DP World Limited and its subsidiaries

## Consolidated statement of profit or loss

*for the year ended 31 December 2014*

| | | Year ended 31 December 2014 | | | Year ended 31 December 2013 | | |
|---|---|---|---|---|---|---|---|
| | *Note* | Before separately disclosed items | Separately disclosed items (Note 12) | Total | Before separately disclosed items | Separately disclosed items (Note 12) | Total |
| | | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Revenue | *8* | 3,411,014 | 52,337 | 3,463,351 | 3,073,248 | - | 3,073,248 |
| Cost of sales | | (1,958,295) | (52,337) | (2,010,632) | (1,849,087) | - | (1,849,087) |
| Gross profit | | 1,452,719 | - | 1,452,719 | 1,224,161 | - | 1,224,161 |
| General and administrative expenses | | (385,878) | (19,400) | (405,278) | (311,243) | (101,433) | (412,676) |
| Other income | | 22,363 | 9,153 | 31,516 | 21,458 | - | 21,458 |
| Profit on sale and termination of businesses | *12* | - | - | - | - | 158,188 | 158,188 |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | *16* | 77,961 | (1,754) | 76,207 | 84,366 | (4,305) | 80,061 |
| Results from operating activities | | 1,167,165 | (12,001) | 1,155,164 | 1,018,742 | 52,450 | 1,071,192 |
| Finance income | *10* | 89,765 | 1,582 | 91,347 | 84,493 | - | 84,493 |
| Finance costs | *10* | (372,841) | (4,122) | (376,963) | (369,439) | - | (369,439) |
| Net finance costs | | (283,076) | (2,540) | (285,616) | (284,946) | - | (284,946) |
| Profit before tax | | 884,089 | (14,541) | 869,548 | 733,796 | 52,450 | 786,246 |
| Income tax expense | *11* | (127,418) | 40,000 | (87,418) | (59,558) | (4,900) | (64,458) |
| Profit for the year | *9* | 756,671 | 25,459 | 782,130 | 674,238 | 47,550 | 721,788 |
| Profit attributable to: | | | | | | | |
| Owners of the Company | | 675,430 | 25,143 | 700,573 | 604,421 | 35,215 | 639,636 |
| Non-controlling interests | | 81,241 | 316 | 81,557 | 69,817 | 12,335 | 82,152 |
| | | 756,671 | 25,459 | 782,130 | 674,238 | 47,550 | 721,788 |
| Earnings per share | | | | | | | |
| Basic earnings per share – US cents | *24* | 81.38 | | 84.41 | 72.82 | | 77.06 |
| Diluted earnings per share – US cents | *24* | 80.65 | | 83.61 | 72.82 | | 77.06 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of other comprehensive income

*for the year ended 31 December 2014*

| | Note | 2014 USD'000 | 2013 USD'000 |
|---|---|---|---|
| | | | |
| | | | |
| Profit for the year | | 782,130 | 721,788 |
| | | | |
| Other comprehensive income | | | |
| | | | |
| *Items that are or may be reclassified to profit or loss:* | | | |
| Foreign exchange translation differences - foreign operations ** | | (452,563) | (133,211) |
| Foreign exchange profit recycled to consolidated statement of profit or loss on disposal of businesses | | - | (4,316) |
| Net change in fair value of available-for-sale financial assets | 17 | (1,895) | 3,160 |
| Share of other comprehensive income of equity-accounted investees | | (10,906) | 17,772 |
| Cash flow hedges – effective portion of changes in fair value | | (67,705) | 96,743 |
| Related tax on fair value of cash flow hedges | | 16,000 | (18,863) |
| | | | |
| *Items that will never be reclassified to profit or loss:* | | | |
| Re-measurements of post-employment benefit obligations | 26 | (69,817) | 38,880 |
| Related tax | | 3,059 | (1,480) |
| | | | |
| Other comprehensive income for the year, net of tax | | (583,827) | (1,315) |
| | | | |
| Total comprehensive income for the year | | 198,303 | 720,473 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 129,769 | 628,586 |
| Non-controlling interests | | 68,534 | 91,887 |
| | | | |
| | | 198,303 | 720,473 |
| | | | |

** 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 currently pegged to the presentation currency (refer to note 2(d)).

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of financial position

*as at 31 December 2014*

| | | 31 December 2014 | 31 December 2013 |
|---|---|---|---|
| | *Note* | USD'000 | USD'000 |
| | | | |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *13* | 6,356,160 | 6,069,785 |
| Goodwill | *14* | 1,448,194 | 1,532,238 |
| Port concession rights | *14* | 2,779,268 | 2,904,481 |
| Investment in equity-accounted investees | *16* | 2,534,320 | 2,700,703 |
| Deferred tax assets | *11* | 169 | 4,393 |
| Other investments | *17* | 70,015 | 62,923 |
| Accounts receivable and prepayments | *18* | 194,322 | 181,110 |
| | | | |
| **Total non-current assets** | | 13,382,448 | 13,455,633 |
| | | | |
| | | | |
| **Current assets** | | | |
| Inventories | | 58,277 | 51,717 |
| Accounts receivable and prepayments | *18* | 740,943 | 680,694 |
| Bank balances and cash | *19* | 3,723,073 | 2,572,470 |
| | | | |
| **Total current assets** | | 4,522,293 | 3,304,881 |
| | | | |
| **Total assets** | | 17,904,741 | 16,760,514 |
| | | | |

# DP World Limited and its subsidiaries

## Consolidated statement of financial position (continued)

*as at 31 December 2014*

| | Note | 31 December 2014 USD'000 | 31 December 2013 USD'000 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 20 | 1,660,000 | 1,660,000 |
| Share premium | 21 | 2,472,655 | 2,472,655 |
| Shareholders' reserve | 21 | 2,000,000 | 2,000,000 |
| Retained earnings | | 3,918,177 | 3,408,504 |
| Hedging and other reserves | 21 | (88,245) | (31,384) |
| Actuarial reserve | 21 | (404,072) | (343,269) |
| Translation reserve | 21 | (1,061,117) | (620,706) |
| **Total equity attributable to equity holders of the Company** | | 8,497,398 | 8,545,800 |
| **Non-controlling interests** | 22 | 529,262 | 475,741 |
| **Total equity** | | 9,026,660 | 9,021,541 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 11 | 897,378 | 935,586 |
| Employees' end of service benefits | 25 | 74,127 | 61,740 |
| Pension and post-employment benefits | 26 | 210,683 | 169,778 |
| Loans and borrowings | 27 | 5,603,658 | 4,776,690 |
| Accounts payable and accruals | 28 | 538,214 | 281,246 |
| **Total non-current liabilities** | | 7,324,060 | 6,225,040 |
| **Current liabilities** | | | |
| Income tax liabilities | 11 | 162,495 | 210,347 |
| Bank overdraft | 19 | - | 1,407 |
| Pension and post-employment benefits | 26 | 10,175 | 10,068 |
| Loans and borrowings | 27 | 251,330 | 258,327 |
| Accounts payable and accruals | 28 | 1,130,021 | 1,033,784 |
| **Total current liabilities** | | 1,554,021 | 1,513,933 |
| **Total liabilities** | | 8,878,081 | 7,738,973 |
| **Total equity and liabilities** | | 17,904,741 | 16,760,514 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements. The consolidated financial statements were authorised for issue on 19 March 2015.

Mohammed Sharaf
Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of changes in equity

*for the year ended 31 December 2014*

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Shareholders' reserve | Retained earnings | Hedging and other reserves | Actuarial reserve | Translation reserve | Total | Non-controlling interests | Total equity |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Balance as at 1 January 2014 | 1,660,000 | 2,472,655 | 2,000,000 | 3,408,504 | (31,384) | (343,269) | (620,706) | 8,545,800 | 475,741 | 9,021,541 |
| Total comprehensive income for the year | | | | | | | | | | |
| Profit for the year | - | - | - | 700,573 | - | - | - | 700,573 | 81,557 | 782,130 |
| Total other comprehensive income, net of tax | - | - | - | - | (69,590) | (60,803) | (440,411) | (570,804) | (13,023) | (583,827) |
| Total comprehensive income for the year | - | - | - | 700,573 | (69,590) | (60,803) | (440,411) | 129,769 | 68,534 | 198,303 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Dividends paid (refer to note 23) | - | - | - | (190,900) | - | - | - | (190,900) | - | (190,900) |
| Additional contribution by owners | - | - | - | - | 12,729 | - | - | 12,729 | - | 12,729 |
| Total transactions with owners | - | - | - | (190,900) | 12,729 | - | - | (178,171) | - | (178,171) |
| Transactions with non-controlling interests, recognised directly in equity | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | - | (22,323) | (22,323) |
| Acquisition of subsidiary with NCI | - | - | - | - | - | - | - | - | 7,047 | 7,047 |
| Derecognition of non-controlling interests on loss of control | - | - | - | - | - | - | - | - | (2,160) | (2,160) |
| Additional NCI created on account of conversion of loan | - | - | - | - | - | - | - | - | 2,423 | 2,423 |
| Total transactions with non-controlling interests | | | | | | | | | (15,013) | (15,013) |
| Balance as at 31 December 2014 | 1,660,000 | 2,472,655 | 2,000,000 | 3,918,177 | (88,245) | (404,072) | (1,061,117) | 8,497,398 | 529,262 | 9,026,660 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of changes in equity (continued)

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Shareholders' reserve | Retained earnings | Hedging and other reserves | Actuarial reserve | Translation reserve | Total | Non-controlling interests | Total equity |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Balance as at 1 January 2013 | 1,660,000 | 2,472,655 | 2,000,000 | 2,968,068 | (122,229) | (379,171) | (482,909) | 8,116,414 | 663,993 | 8,780,407 |
| Total comprehensive income for the year | | | | | | | | | | |
| Profit for the year | - | - | - | 639,636 | - | - | - | 639,636 | 82,152 | 721,788 |
| Total other comprehensive income, net of tax | - | - | - | - | 90,845 | 35,902 | (137,797) | (11,050) | 9,735 | (1,315) |
| Total comprehensive income for the year | - | - | - | 639,636 | 90,845 | 35,902 | (137,797) | 628,586 | 91,887 | 720,473 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Dividends paid (refer to note 23) | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| Total transactions with owners | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| Transactions with non-controlling interests, recognised directly in equity | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | - | (64,064) | (64,064) |
| Derecognition of non-controlling interests on loss of control in Asia Pacific and Indian subcontinent region | - | - | - | - | - | - | - | - | (216,075) | (216,075) |
| Total transactions with non-controlling interests | - | - | - | - | - | - | - | - | (280,139) | (280,139) |
| Balance as at 31 December 2013 | 1,660,000 | 2,472,655 | 2,000,000 | 3,408,504 | (31,384) | (343,269) | (620,706) | 8,545,800 | 475,741 | 9,021,541 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements. The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of cash flows

*for the year ended 31 December 2014*

| | Note | 2014 USD'000 | 2013 USD'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 782,130 | 721,788 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 9 | 420,985 | 395,499 |
| Impairment | 9 | - | 99,153 |
| Share of profit from equity-accounted investees (net of tax) | | (76,207) | (80,061) |
| Finance costs | 10 | 376,963 | 369,439 |
| Loss/ (gain) on sale of property, plant and equipment and port concession rights | | 3,419 | (6,571) |
| Profit on sale and termination of businesses | | - | (158,188) |
| Finance income | 10 | (91,347) | (84,493) |
| Income tax expense | 11 | 87,418 | 64,458 |
| **Gross cash flows from operations** | | 1,503,361 | 1,321,024 |
| Change in inventories | | (8,302) | 2,110 |
| Change in accounts receivable and prepayments | | (48,019) | (88,153) |
| Change in accounts payable and accruals | | 74,401 | 59,033 |
| Change in provisions, pensions and post-employment benefits | | (35,861) | 4,674 |
| **Cash generated from operating activities** | | 1,485,580 | 1,298,688 |
| Income taxes paid | | (131,365) | (86,955) |
| **Net cash from operating activities** | | 1,354,215 | 1,211,733 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | 13 | (715,312) | (1,025,530) |
| Additions to port concession rights | 14 | (91,717) | (37,892) |
| Proceeds from disposal of property, plant and equipment and port concession rights | | 6,228 | 10,103 |
| Addition to other investments | 17 | (10,000) | - |
| Net proceeds from monetisation of investment in subsidiaries and equity-accounted investees | | - | 658,685 |
| Net cash paid on acquisition of subsidiaries | | (32,031) | - |
| Cash derecognised on loss of control of a subsidiary | | (2,890) | - |
| Receipt of deferred consideration on disposal of equity-accounted investees | | - | 16,140 |
| Interest received | | 40,470 | 43,103 |
| Dividends received from equity-accounted investees | | 152,036 | 94,523 |
| Additional investment in equity-accounted investees | | (38,301) | (38,256) |
| Net loan (advanced to)/ repaid by equity-accounted investees | | (9,282) | 68,323 |
| **Net cash used in investing activities** | | (700,799) | (210,801) |

# DP World Limited and its subsidiaries

## Consolidated statement of cash flows (continued)

*for the year ended 31 December 2014*

| | Note | 2014 USD'000 | 2013 USD'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | | (234,047) | (633,090) |
| Drawdown of interest bearing loans and borrowings | | 309,932 | 912,987 |
| Proceeds from issue of convertible bonds | | 1,000,000 | - |
| Transaction cost paid on convertible bonds | | (10,900) | - |
| Interest paid | | (323,908) | (320,947) |
| Dividend paid to the owners of the Company | | (190,900) | (199,200) |
| Dividend paid to non-controlling interests | | (22,323) | (64,064) |
| **Net cash from/ (used in) financing activities** | | 527,854 | (304,314) |
| **Net increase in cash and cash equivalents** | | 1,181,270 | 696,618 |
| Cash and cash equivalents as at 1 January | | 2,571,063 | 1,881,733 |
| Effect of exchange rate fluctuations on cash held | | (29,260) | (7,288) |
| **Cash and cash equivalents as at 31 December** | *19* | 3,723,073 | 2,571,063 |

| *Cash and cash equivalents comprise the following:* | | | |
|---|---|---|---|
| Bank balances and cash | | 3,723,073 | 2,572,470 |
| Bank overdrafts | | - | (1,407) |
| Cash and cash equivalents | | 3,723,073 | 2,571,063 |

At 31 December 2014, the undrawn committed borrowing facilities of USD 3,627,235 thousand (2013: USD 1,506,129 thousand) were available to the Group, in respect of which all conditions precedent had been met.

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

## 1 Reporting entity

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 of the Company for the year ended 31 December 2014 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 international marine terminal operations and development, logistics and related services.

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

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Board of Directors on 19 March 2015.

### (b) Basis of measurement

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

The methods used to measure fair values are discussed further in note 5.

### (c) Funding and liquidity

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Operating and Financial Review. In addition, note 6 sets out the Group's objectives, policies and processes for managing the Group's financial risk including capital management and note 30 provides quantitative details of the Group's exposure to credit risk, liquidity risk and interest rate risk from financial instruments.

The Board of Directors remain satisfied with the Group's funding and liquidity position. At 31 December 2014, the Group has a net debt of USD 2,131,915 thousand (2013: USD 2,463,954 thousand). The Group's credit facility covenants are currently well within the covenant limits. The Group generated gross cash of USD 1,503,361 thousand (2013: USD 1,321,024 thousand) from operating activities and its interest cover for the year is 5.6 times (2013: 5 times) (calculated using adjusted EBITDA and net finance cost before separately disclosed items).

Based on the above, the Board of Directors have concluded that the going concern basis of preparation continues to be appropriate.

## 2 Basis of preparation (continued)

### (d) Functional and presentation currency

The functional currency of the Company is UAE Dirhams. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

These consolidated financial statements are presented in United States Dollars ("USD"), which in the opinion of management is the most appropriate presentation currency of the company in view of the global presence of the Group. All financial information presented in USD is rounded to the nearest thousand.

UAE Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

### (e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*(a) Provision for income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax payments based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(b) Impairment of available-for-sale financial assets*

Available-for-sale financial assets are impaired when objective evidence of impairment exists. A significant or prolonged decline in the fair value of an 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.

## 2 Basis of preparation (continued)

### (e) Use of estimates and judgements (continued)

#### (i) Use of estimates and judgements (continued)

*(c) Fair value of derivatives and financial instruments*

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as market risk, credit risk and volatility.

*(d) Consolidation of entities in which the Group holds less than 50% shareholding*

Management consider that the Group is able to control Doraleh Container Terminal SARL even though it has only 33.33% of the voting rights. The Group is exposed to, or has rights to, variable returns from its involvement in the relevant activities of this entity and has the ability to affect those returns through its power over the entity.

*(e) Contingent liabilities*

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

*(f) Useful life of property, plant and equipment and port concession rights with finite life*

The useful life of property, plant and equipment and port concession rights with finite life is determined by the Group's management based on their estimate of the period over which an asset or port concession right is expected to be available for use by the Group. This estimate is reviewed and adjusted if appropriate at each financial year end. This may result in a change in the useful economic lives and therefore depreciation and amortisation expense in future periods.

*(g) Impairment testing of goodwill and port concession rights*

The Group determines whether goodwill and port concession rights with indefinite life are impaired, at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated or in which the port concession rights with indefinite life exist. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

*(h) Impairment of accounts receivable*

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected, will be recognised in the consolidated statement of profit or loss.

*(i) Pension and post-employment benefits*

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## 2 Basis of preparation (continued)

### (e) Use of estimates and judgements (continued)

#### (ii) Use of estimates and judgements (continued)

*(j) Business combinations*

In accounting for business combinations, judgement is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired and liabilities assumed, involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the management.

*(k) Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management 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.

## 3 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 4 to all periods presented in these consolidated financial statements.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently in the years presented in these consolidated financial statements and have been applied consistently by the Group entities.

### (a) Basis of consolidation

*(i) Business combinations*

Business combinations (including business combinations under common control) are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets (including previously unrecognised port concession rights) acquired and liabilities (including contingent liabilities and excluding future restructuring) assumed.

## 4 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

*(i) Business combinations (continued)*

In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated statement of profit or loss.

In case of business combinations under common control, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised directly in equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss.

*(ii) 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

*(iii) Change in ownership interests in subsidiaries without loss of control*

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

*(iv) Disposal of subsidiaries (loss of control)*

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## 4 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

*(v) Non-controlling interests*

For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets, which is generally at fair value.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so, causes the non-controlling interests to have a debit balance.

*(vi) Structured entities*

The Group has established DP World Sukuk 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.

A SE is consolidated based on an evaluation of the substance of its relationship with the Group and its risks and rewards. The SE was established by the Group under the terms that impose strict limitations on the decision-making powers of the SE's management thereby resulting into the majority of the benefits related to the SE's operations and net assets being received by the Group. Consequently, the Group is also exposed 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. Therefore, the Group concludes that it controls the SE. Refer to accounting policy on non-derivative financial liabilities in note 4 (c) (ii).

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 per cent and 50 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its individual liabilities.

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. The consolidated financial statements include the Group's share of the income and expenses of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the equity-accounted investees subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

## 4 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

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

The financial statements of the equity-accounted investees are prepared for the same reporting period as the Group. The transactions between the Group and its equity-accounted investees are made at normal market prices.

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

Upon loss of joint control or significant influence, the Group measures and recognises any retained investment at its fair value. The difference between the carrying amount of the equity–accounted investees upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised as profit or loss in the consolidated statement of profit or loss.

*(viii) Transactions eliminated on consolidation*

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

### (b) Foreign currency

*(i) Functional and presentation currency*

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 respective functional currencies of the Group entities at exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and exchange differences, if any are recognised in the income statement.

Non-monetary items in a foreign currency that are measured at historical cost are translated to the functional currency using the exchange rate at the date of initial transaction and is not retranslated at a later date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

## 4 Significant accounting policies (continued)

### (b) Foreign currency (continued)

#### *(ii) Foreign currency transactions and balances (continued)*

Foreign currency differences arising on retranslation of monetary items are recognised in the consolidated statement of profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in consolidated statement of other comprehensive income (refer to note 4(b)(iii)).

#### *(iii) Foreign operations*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy), that have functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date.

(b) The income and expenses of foreign operations are translated to USD at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(c) All resulting foreign exchange differences arising on translation are recognised in the other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is not a wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non- controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

## 4 Significant accounting policies (continued)

### (b) Foreign currency (continued)

*(iv) Hedge of a net investment in a foreign operation*

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. To the extent that the hedge is ineffective, such differences are recognised in the consolidated statement of profit or loss. When the hedged net investment is disposed of, the associated cumulative amount in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss as part of the gain or loss on disposal.

### (c) Financial instruments

*(i) Non-derivative financial assets*

**Initial recognition and 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 initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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.

**Subsequent measurement**

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

*Held to maturity financial assets*

If the Group has a positive intent and ability to hold debt securities to maturity, then these are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the consolidated statement of profit or loss. Gains and losses are also recognised in the consolidated statement of profit or loss when these financial assets are derecognised.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise bank balances and cash, due from related parties and, trade and other receivables.

4 **Significant accounting policies (continued)**

(c) **Financial instruments (continued)**

*(i) Non-derivative financial assets (continued)*

*Bank balances and cash*

Bank balances and cash in the consolidated statement of financial position comprise cash in hand, bank balances and deposits.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above and cash classified as held for sale, net of bank overdrafts. Bank overdrafts form an integral part of the Group's cash management and is included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

*Available-for-sale investments*

Available-for-sale financial assets comprise equity securities. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in the consolidated statement of other comprehensive income and presented in the other reserves in equity. When an investment is derecognised, the balance accumulated in equity is reclassified to the consolidated statement of profit or loss.

**De-recognition of non-derivative financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

*(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. The Group determines the classification of its financial liabilities at initial recognition.

All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

The Group initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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.

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

*(ii) Non -derivative financial liabilities (continued)*

**Subsequent measurement**

The subsequent measurement of non-derivative financial liabilities depends on their classification as follows:

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in the consolidated statement of profit or loss. If discounted present value of the cash flows (including any fees paid) under a new term arrangement is at least 10% different from the discounted present value of the remaining cash flows of the original liability, this is accounted for as an extinguishment of the old liability and the recognition of a new liability. Furthermore, qualitative assessment to assess extinguishment is also performed. Some of the factors considered in performing a qualitative assessment include change in interest basis, extension of debt tenure, change in collateral arrangements and change in the currency of lending.

**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 liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders can convert into ordinary shares.

At inception, the net proceeds of the convertible issue are split between the liability element and the derivative component, representing the fair value of the embedded option. The latter has not been recorded within equity due to the existence of cash settlement terms with the Company.

The debt component of convertible bond is initially recognised at the fair value of a similar liability that does not have an equity conversion option. Subsequent to initial recognition, the debt component is measured at amortised cost using effective interest rate method.

The embedded derivative is initially recognised at the difference between the fair value of the convertible bond as a whole and the fair value of the debt component (including interest). Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date with the change in the fair value recognised in the consolidated statement of profit or loss.

**De-recognition of non-derivative financial liabilities**

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

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *(iii) Derivative financial instruments*

The Group holds derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency and interest rate risk exposures. 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 objective 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. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within the acceptable range.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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 to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

*Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment that could affect the consolidated statement of profit or loss, then such hedges are classified as cash flow hedges.

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. 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.

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

*(iv) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to set off on a net basis, or to realise the asset and settle the liability simultaneously.

### (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 4(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.

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

When parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised within 'other income' in the consolidated statement of profit or loss.

*Capital work-in-progress*

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. On an average, the Group incurs such expenditure every 10 years. At the completion of maintenance dredging, the channel has an average service potential of 10 years. Any unamortised expense is written-off on the commencement of any new dredging activities. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

## 4 Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

*(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. The carrying amounts of the replaced parts are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of profit or loss as incurred.

*(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.

The estimated useful lives of assets are as follows:

| Assets | Useful life (years) |
|---|---|
| Buildings | 5 – 50 |
| Plant and equipment | 3 – 25 |
| Ships | 10 – 35 |
| 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.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of assets are as follows:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 4 (i) (ii)).

*(iv) Borrowing cost*

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 as the assets are substantially ready for their intended use or sale. Borrowing costs may include:

(a) interest expense calculated using the effective interest method as described in IAS 39;

(b) finance charges in respect of finance leases recognised in accordance with IAs 17; and

(c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 4 Significant accounting policies (continued)

### (e) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. 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. In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated statement of profit or loss.

*Subsequent measurement*
Goodwill is measured at cost less accumulated impairment losses (refer to note 4(i) (ii)).

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.

### (f) 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 associates and joint ventures). 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. Other port concession rights acquired separately are measured on initial recognition at cost.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 4(i) (ii)). 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.

## 4 Significant accounting policies (continued)

### (f) Port concession rights (continued)

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

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. 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.

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 useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such port concession rights are not amortised. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor 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 de-recognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to associates and joint ventures).

### (g) Inventories

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

## 4 Significant accounting policies (continued)

### (h) 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. Assets held under operating leases are not recognised in the Group's consolidated statement of financial position. 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.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease. On initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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*

A series of leasing and sub-leasing transactions between the Group and third parties, which are closely interrelated, negotiated as a single transaction, and which take place concurrently or in a continuous sequence are considered linked and accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole.

These 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.

## 4 Significant accounting policies (continued)

### (h) Leases (continued)

*(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. 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.

### (i) Impairment

*(i) Financial assets*

*(a) 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. Impairment losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against loans and receivables or held to maturity investments. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

*(b) Available-for-sale financial assets*

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. A significant or prolonged decline in the fair value of an equity investment is considered as an 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.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the other reserve in equity to the consolidated statement of profit or loss. The cumulative loss that is reclassified from equity to the consolidated statement of profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in consolidated statement of other comprehensive income.

*(ii) 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. 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

## 4 Significant accounting policies (continued)

### (i) Impairment (continued)

#### *(ii) Non-financial assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. 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.

For goodwill and port concession rights that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually and when circumstances indicate that the carrying value may be impaired. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. An impairment loss in respect of goodwill is not reversed.

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.

### (j) Assets held for sale

Assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the consolidated statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Port concession rights and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

### (k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Any excess payment received over par value is treated as share premium.

## 4 Significant accounting policies (continued)

### (l) Employee benefits

#### *(i) Pension and post-employment benefits*

The Group's 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 assets is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

When the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Where the present value of the deficit contributions exceeds the IAS 19 deficit an additional liability is recognised.

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 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. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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.

## 4 Significant accounting policies (continued)

### (l) Employee benefits (continued)

*(ii) Long-term service benefits*

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

*(iii) 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.

### (m) Provisions

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

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

Provision for an onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

### (n) 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 and other containerized revenue. 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:

*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.

*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.

## 4 Significant accounting policies (continued)

### (o) Finance income and expense

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 expense also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 4(b)(i)).

### (p) Income tax

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

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences arising on the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- the temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is not probable that they will reverse in the foreseeable future.

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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

## 4 Significant accounting policies (continued)

### (q) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

In the consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of profit or loss and disclosed in the notes to the consolidated financial statements.

### (r) 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 24).

### (s) Segment reporting

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets (primarily Company's head office), head office expenses and income tax assets and liabilities.

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

### (t) Separately disclosed items

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

## 4 Significant accounting policies (continued)

### (u) New standards, amendments and interpretations adopted by the Group

The following standards and amendments have been adopted by the Group for the first time for annual periods beginning on or after 1 January 2014:

- ***Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32***

  Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

- ***Amendments to IAS 36- Impairment of assets***

  This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Group financial statements.

- ***Amendment to IAS 39 - Financial instruments: Recognition and measurement***

  This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the group financial statements as a result.

- ***IFRIC 21 Levies***

  IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

### (v) New standard and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2014, 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.

- ***IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)***

  IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

- ***IFRS 15 Revenue from contracts with customers***

  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.
  The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

## 5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*(i) Property, plant and equipment*

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

*(ii) Port concession rights*

Port concession rights acquired in a business combination are accounted at their fair values. The fair value is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

*(iii) Investments in debt securities and available-for-sale financial assets*

The fair values of equity and debt securities are determined by reference to their quoted closing bid price at the reporting date. The fair value of the unquoted infrastructure investment fund classified as available-for-sale is based on the independent valuation of the fund. The fair value of debt securities held to maturity is determined based on the discounted cash flows at a market related discount rate. The fair value of debt securities held to maturity is determined for disclosure purposes only.

*(iv) Trade and other receivables/ payables*

The fair value of trade and other receivables and trade and other payables approximates to the carrying values due to the short term maturity of these instruments.

*(v) Derivatives*

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.

*(vi) Embedded derivative option liability of convertible bond*

The fair value of the embedded derivative option liability of convertible bond is based on a valuation model with market assumptions.

*(vii) Convertible bond*

The fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of embedded derivative option liability from the stock exchange quoted closing bid price of convertible bond at the reporting date.

## 5 Determination of fair values (continued)

*(viii) Non-derivative financial liabilities*

Fair value for quoted bonds is based on their market price 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.

The fair value of bank balances and cash and bank overdrafts approximates to the carrying value due to the short term maturity of these instruments.

## 6 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. Further quantitative disclosures are included throughout these consolidated financial statements. Also refer to note 30 for further details.

**Risk management framework**

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

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

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

## 6 Financial risk management (continued)

### Risk management framework (continued)

*(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 associates and joint ventures 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.

*(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 when 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.

## 6 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 buys and sells derivatives and also incurs financial liabilities, 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 65 % (2013: 69%) 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.

### *(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 issued two fixed rate bonds, a 10 year Sukuk with a profit rate of 6.25%, a 30 year Medium Term Note with a coupon of 6.85% and a convertible bond with a coupon rate of 1.75%. These collectively represent USD 3,993,725 thousand of the Group's outstanding debt as at the reporting date.

## 6 Financial risk management (continued)

*(c) Market risk (continued)*

*(ii) Interest rate risk (continued)*

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 2014, after taking into account the effect of interest rate swaps, approximately 93% (2013: 90%) of the Group's borrowings are at a fixed rate of interest.

*(iii) Equity price risk*

The Group's investment in listed equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

**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:

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Total interest bearing loans and borrowings (refer to note 27) | 5,854,988 | 5,035,017 |
| Less: cash and cash equivalents (refer to note 19) | (3,723,073) | (2,571,063) |
| Total net debt | 2,131,915 | 2,463,954 |
| Total Equity | 9,026,660 | 9,021,541 |
| Adjusted EBITDA (refer to note 7) | 1,588,150 | 1,414,241 |
| Net finance cost before separately disclosed items | 283,076 | 284,946 |
| Net debt/ Equity | 0.24 | 0.27 |
| Net debt/ adjusted EBITDA | 1.34 | 1.74 |
| Interest cover before separately disclosed items | 5.61 | 5.0 |

## 7 Segment information

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors ('Chief Operating Decision Maker') based on the location of the Group's assets and liabilities. The Group has identified the following geographic areas as its basis of segmentation. The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

- 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 also reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment.

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

## 7 Segment information (continued)

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

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| (Including separately disclosed items) | | | | | | | | | | | | |
| Revenue | 448,990 | 355,217 | 628,312 | 594,183 | 2,386,049 | 2,123,848 | - | - | - | - | 3,463,351 | 3,073,248 |
| Segment results from operations * | 185,924 | 267,980 | 144,518 | 125,061 | 975,819 | 782,004 | (238,515) | (168,311) | - | - | 1,067,746 | 1,006,734 |
| Finance income | - | - | - | - | - | - | 91,347 | 84,493 | - | - | 91,347 | 84,493 |
| Finance costs | - | - | - | - | - | - | (376,963) | (369,439) | - | - | (376,963) | (369,439) |
| Profit/ (loss) for the year | 185,924 | 267,980 | 144,518 | 125,061 | 975,819 | 782,004 | (524,131) | (453,257) | - | - | 782,130 | 721,788 |

* Segment results from operations comprise profit for the year before net finance cost.

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

## 7 Segment information (continued)

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Segment assets | 3,859,205 | 3,827,246 | 1,606,160 | 1,737,515 | 10,244,279 | 9,654,817 | 11,934,822 | 9,371,725 | (9,739,725) | (7,830,789) | 17,904,741 | 16,760,514 |
| Segment liabilities | 303,648 | 237,295 | 228,742 | 89,632 | 2,966,587 | 1,586,005 | 7,134,174 | 5,605,650 | (2,814,943) | (925,542) | 7,818,208 | 6,593,040 |
| Tax liabilities * | - | - | - | - | - | - | 1,059,873 | 1,145,933 | - | - | 1,059,873 | 1,145,933 |
| Total liabilities | 303,648 | 237,295 | 228,742 | 89,632 | 2,966,587 | 1,586,005 | 8,194,047 | 6,751,583 | (2,814,943) | (925,542) | 8,878,081 | 7,738,973 |
| Capital expenditure | 46,106 | 21,496 | 62,310 | 72,986 | 663,432 | 965,720 | 35,181 | 3,220 | - | - | 807,029 | 1,063,422 |
| Depreciation | 25,672 | 27,478 | 56,550 | 62,900 | 224,366 | 181,481 | 5,642 | 4,988 | - | - | 312,230 | 276,847 |
| Amortisation/ impairment | 44,893 | 75,365 | 12,093 | 11,995 | 51,779 | 130,445 | - | - | - | - | 108,755 | 217,805 |
| Share of profit of equity-accounted investees before separately disclosed items | 97,433 | 90,107 | (37,518) | (14,105) | 18,046 | 8,364 | - | - | - | - | 77,961 | 84,366 |
| Tax expense | - | - | - | - | - | - | 87,418 | 64,458 | - | - | 87,418 | 64,458 |

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

# DP World Limited and its subsidiaries

## Notes to consolidated financial statements *(continued)*

### 7 Segment information (continued)

**Earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA")**

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Revenue before separately disclosed items | 396,653 | 355,217 | 628,312 | 594,183 | 2,386,049 | 2,123,848 | - | - | - | - | 3,411,014 | 3,073,248 |
| Adjusted EBITDA | 256,489 | 219,700 | 217,250 | 195,235 | 1,259,866 | 1,095,171 | (145,455) | (95,865) | - | - | 1,588,150 | 1,414,241 |
| Finance income | - | - | - | - | - | - | 89,765 | 84,493 | - | - | 89,765 | 84,493 |
| Finance costs | - | - | - | - | - | - | (372,841) | (369,439) | - | - | (372,841) | (369,439) |
| Tax expense | - | - | - | - | - | - | (127,418) | (59,558) | - | - | (127,418) | (59,558) |
| Depreciation and amortisation | (70,565) | (78,843) | (68,633) | (74,895) | (276,145) | (236,773) | (5,642) | (4,988) | - | - | (420,985) | (395,499) |
| Adjusted net profit/ (loss) for the year before separately disclosed items | 185,924 | 140,857 | 148,617 | 120,340 | 983,721 | 858,398 | (561,591) | (445,357) | - | - | 756,671 | 674,238 |
| Adjusted for separately disclosed items | - | 127,123 | (4,099) | 4,721 | (7,902) | (76,394) | 37,460 | (7,900) | - | - | 25,459 | 47,550 |
| Profit/ (loss) for the year | 185,924 | 267,980 | 144,518 | 125,061 | 975,819 | 782,004 | (524,131) | (453,257) | - | - | 782,130 | 721,788 |

## 8 Revenue

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| *Revenue consists of:* | | |
| Containerized stevedoring revenue | 1,502,990 | 1,396,510 |
| Containerized other revenue | 1,166,079 | 1,026,792 |
| Non-containerized revenue | 741,945 | 649,946 |
| Service concession revenue (refer to note 12) | 52,337 | - |
| | 3,463,351 | 3,073,248 |

The Group does not have any customer which contributes more than 10 per cent of the Group's total revenue.

## 9 Profit for the year (including separately disclosed items)

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| *Profit for the year is stated after charging the following costs:* | | |
| Staff costs | 701,566 | 610,768 |
| Depreciation and amortisation | 420,985 | 395,499 |
| Operating lease rentals | 363,787 | 352,513 |
| Impairment | - | 99,153 |

## 10 Finance income and costs (including separately disclosed items)

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| **Finance income** | | |
| Interest income | 59,110 | 54,140 |
| Exchange gains | 30,655 | 30,353 |
| **Finance income before separately disclosed items** | 89,765 | 84,493 |
| Separately disclosed items (refer to note 12) | 1,582 | - |
| **Finance income after separately disclosed items** | 91,347 | 84,493 |
| **Finance costs** | | |
| Interest expense | (325,059) | (320,957) |
| Exchange losses | (41,026) | (40,382) |
| Other net financing expense in respect of pension plans | (6,756) | (8,100) |
| **Finance costs before separately disclosed items** | (372,841) | (369,439) |
| Separately disclosed items (refer to note 12) | (4,122) | - |
| **Finance costs after separately disclosed items** | (376,963) | (369,439) |
| **Net finance costs after separately disclosed items** | (285,616) | (284,946) |

## 11 Income tax

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| **Current income tax expense** | | |
| Current year | 93,270 | 105,500 |
| Adjustment for prior periods | (6,066) | (7,487) |
| | 87,204 | 98,013 |
| **Deferred tax expense/ (credit)** | 214 | (33,555) |
| | 87,418 | 64,458 |
| Income tax expense | 87,418 | 64,458 |
| Share of income tax of equity-accounted investees | 28,693 | 18,577 |
| Total tax expense | 116,111 | 83,035 |
| Income tax expense before separately disclosed items | 127,418 | 59,558 |
| Tax on separately disclosed items (refer to note 12) | (40,000) | 4,900 |
| Income tax expense | 87,418 | 64,458 |
| **Income tax balances included in the Consolidated Statement of Financial Position:** | | |
| Current income tax receivable (included within accounts receivable and prepayments) | 22,640 | 17,806 |
| Current income tax liabilities | 162,495 | 210,347 |

Current tax assets and liabilities have been offset if certain criteria are met.

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 34.0% |
| Australia and Americas | 26.0% to 36.0% |
| Middle East, Europe and Africa | 0% to 34.0% |

## 11 Income tax (continued)

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

| | | 2014 | 2013 |
|---|---|---|---|
| | | USD'000 | USD'000 |
| Net profit before tax | | 869,548 | 786,246 |
| Tax at the company's domestic rate of 0% (2013: 0%) | | - | - |
| Income tax on foreign earnings | | 121,655 | 56,765 |
| Current year losses not recognised for deferred tax asset | | 29,762 | 39,828 |
| Brought forward losses utilised | | (16,847) | (3,295) |
| Tax charge on equity-accounted investees | | 28,693 | 18,577 |
| Deferred tax in respect of fair value adjustments | | (6,965) | (46,818) |
| Others | | 6,090 | 20,979 |
| **Tax expense before prior year adjustments** | | 162,388 | 86,036 |
| Tax (over)/ under provided in prior periods: | | | |
| -current tax | | (6,066) | (7,487) |
| -deferred tax | | (211) | (414) |
| **Total tax expense from operations before separately disclosed items** | (A) | 156,111 | 78,135 |
| Adjustment for separately disclosed items | | (40,000) | 4,900 |
| **Total tax expense** | | 116,111 | 83,035 |
| Net profit before tax | | 869,548 | 786,246 |
| Adjustment for separately disclosed items | | 14,541 | (52,450) |
| Adjustment for share of income tax of equity-accounted investees | | 28,693 | 18,577 |
| **Adjusted profit before tax and before separately disclosed items** | (B) | 912,782 | 752,373 |
| **Effective tax rate before separately disclosed items** | (A/B) | 17.10% | 10.39% |

**Unrecognised deferred tax assets**

Deferred tax assets are not recognised on trading losses of USD 693,469 thousand (2013: USD 617,982 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 on infrastructure projects. Under current legislation, USD 474,982 thousand (2013: USD 418,901 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax assets are also not recognised on capital and other losses of USD 286,425 thousand (2013: USD 338,378 thousand) due to the fact that their utilisation is uncertain.

## 11 Income tax (continued)

Movement in temporary differences during the year:

| | 1 January 2014 | Recognised in consolidated statement of profit or loss | Translation and other movements | 31 December 2014 |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| *Deferred tax liabilities* | | | | |
| Property, plant and equipment | 125,726 | (9,157) | 3,942 | 120,511 |
| Investment in equity-accounted investees | 38,746 | 5,372 | (1,048) | 43,070 |
| Fair value of acquired intangibles | 401,704 | (5,335) | (18,781) | 377,588 |
| Others | 431,608 | 6,194 | (4,861) | 432,941 |
| **Total before set off** | 997,784 | (2,926) | (20,748) | 974,110 |
| **Set off of tax** | (62,198) | | | (76,732) |
| **Net deferred tax liabilities** | 935,586 | | | 897,378 |
| *Deferred tax assets* | | | | |
| Property, plant and equipment | 4,561 | 1,231 | (827) | 4,965 |
| Pension and post-employment benefits | 6,431 | 324 | 2,495 | 9,250 |
| Financial instruments | 4,914 | (208) | 14,569 | 19,275 |
| Provisions | 4,077 | 412 | (154) | 4,335 |
| Tax value of losses carried forward recognised | 32,169 | (71) | (4,405) | 27,693 |
| Others | 14,439 | (4,828) | 1,772 | 11,383 |
| **Total before set off** | 66,591 | (3,140) | 13,450 | 76,901 |
| **Set off of tax** | (62,198) | | | (76,732) |
| **Net deferred tax assets** | 4,393 | | | 169 |

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

## 12 Separately disclosed items

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| Revenue : | | |
| Construction contract revenue relating to service concessions | 52,337 | - |
| Cost of sales : | | |
| Construction contract costs relating to service concessions | (52,337) | - |
| General and administrative expenses : | | |
| Acquisition related costs | (19,400) | - |
| Restructuring costs | - | (2,280) |
| Impairment of assets | - | (99,153) |
| Other income | 9,153 | - |
| Profit on sale and termination of businesses | - | 158,188 |
| Share of loss from equity-accounted investees | (1,754) | (4,305) |
| Finance income : | | |
| Ineffective interest rate swap gain | 1,582 | - |
| Finance costs : | | |
| Ineffective interest rate swap loss | (4,122) | - |
| Income tax credit / (expense) | 40,000 | (4,900) |
| | 25,459 | 47,550 |

**Construction contract revenue and costs**: In accordance with IFRIC 12 '*Service Concession Arrangements*', the Group has recorded a revenue of USD 52,337 thousand (2013: Nil) 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.

**Acquisition related costs** represent advisory, legal, accounting, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the 'Middle East, Europe and Africa' region (2013: Nil).

**Restructuring costs** 2014: Nil (2013: related to the restructuring of subsidiaries in the 'Middle East, Europe and Africa' region and in the 'Asia Pacific and Indian subcontinent' region).

**Impairment of assets** 2014: Nil (2013: related to impairment of assets in the 'Middle East, Europe and Africa' region and in the 'Asia Pacific and Indian subcontinent' region).

**Other income** represents the gain on final settlement of contingent consideration relating to an acquisition of additional interest in a subsidiary during 2012 in the 'Middle East, Europe and Africa' region (2013: Nil).

## 12 Separately disclosed items (continued)

**Profit on sale and termination of businesses** in 2013 represents:

- USD 152,224 thousand profit on monetisation of investments in the 'Asia Pacific and Indian subcontinent' region.
- USD 5,964 thousand profit on monetisation of investments in an equity-accounted investee in the 'Australia and Americas' region.

**Share of loss from equity-accounted investees:** USD 655 thousand relates to the share of ineffective hedge in a joint venture in the 'Middle East, Europe and Africa' region and USD 1,099 thousand relates to the share of restructuring costs in a joint venture in the 'Australia and Americas' region. (2013: USD 1,241 thousand related to the share of ineffective hedge in an associate in the 'Middle East, Europe and Africa' region and USD 3,064 thousand related to the share of restructuring costs in the 'Australia and Americas' region).

**Ineffective interest rate swap gain** relates to an ineffective hedge in a subsidiary in the 'Asia Pacific and Indian subcontinent' region (2013: Nil).

**Ineffective interest rate swap loss** relates to an ineffective hedge in a subsidiary in the 'Middle East, Europe and Africa' region (2013: Nil).

**Income tax credit** relates to the release of a tax provision in connection with the restructuring and sale of subsidiaries in the 'Australia and Americas' region. The provision has been released following closure of a review by the tax authorities (2013: Income tax expense related to the restructuring of subsidiaries in the 'Asia Pacific and Indian subcontinent' region).

## 13 Property, plant and equipment

| | Land and buildings | Plant and equipment | Ships | Capital work- in-progress | Total |
|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cost | | | | | |
| As at 1 January 2014 | 3,308,139 | 2,928,954 | 244,802 | 1,405,545 | 7,887,440 |
| Acquired through business combination | - | 3,876 | 65,580 | 2,054 | 71,510 |
| Additions during the year | 13,410 | 25,297 | 48,154 | 628,451 | 715,312 |
| Transfers from capital work-in-progress | 181,932 | 904,299 | 605 | (1,086,836) | - |
| Translation adjustment | (73,679) | (64,771) | (37,589) | (37,497) | (213,536) |
| Disposals | (5,020) | (58,348) | (46,785) | - | (110,153) |
| Transferred to equity-accounted investees as capital contribution | - | - | - | (21,875) | (21,875) |
| As at 31 December 2014 | 3,424,782 | 3,739,307 | 274,767 | 889,842 | 8,328,698 |
| **Depreciation and impairment** | | | | | |
| As at 1 January 2014 | 694,229 | 1,017,552 | 105,874 | - | 1,817,655 |
| Charge for the year | 107,137 | 189,282 | 15,811 | - | 312,230 |
| Translation adjustment | (16,524) | (20,413) | (14,524) | - | (51,461) |
| On disposals | (2,702) | (56,399) | (46,785) | - | (105,886) |
| As at 31 December 2014 | 782,140 | 1,130,022 | 60,376 | - | 1,972,538 |
| **Net book value** | | | | | |
| As at 31 December 2014 | 2,642,642 | 2,609,285 | 214,391 | 889,842 | 6,356,160 |

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 2014, cranes with aggregate net book value amounting to USD 257,233 thousand (2013: USD 272,972 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 2014, property, plant and equipment with a carrying amount of USD 2,342,980 thousand (2013: USD 2,451,173 thousand) are pledged to secure bank loans (refer to note 27). At 31 December 2014, the net carrying value of the leased plant and equipment and other assets was USD 150,999 thousand (2013: USD 50,065 thousand).

Borrowing costs capitalised to property, plant and equipment amounted to USD 31,390 thousand (2013: USD 36,691 thousand) with a capitalisation rate in the range of 2.94% to 5.13%per annum (2013: 4.68% to 5.13% per annum).

## 13 Property, plant and equipment (continued)

| | Land and buildings | Plant and equipment | Ships | Capital work-in-progress | Total |
|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost** | | | | | |
| As at 1 January 2013 | 3,073,584 | 2,462,280 | 240,361 | 1,316,806 | 7,093,031 |
| Additions during the year | 5,227 | 52,225 | 26,340 | 941,738 | 1,025,530 |
| Transfers from capital work-in-progress | 353,024 | 511,749 | - | (864,773) | - |
| Translation adjustment | (63,202) | 10,088 | (13,999) | 20,850 | (46,263) |
| Disposals | (1,264) | (40,088) | (7,900) | - | (49,252) |
| Disposal of subsidiaries | (59,230) | (67,300) | - | (8,982) | (135,512) |
| As at 31 December 2013 | 3,308,139 | 2,928,954 | 244,802 | 1,405,639 | 7,887,534 |
| **Depreciation and Impairment** | | | | | |
| As at 1 January 2013 | 614,767 | 961,150 | 103,852 | - | 1,679,769 |
| Charge for the year | 103,978 | 152,247 | 20,622 | - | 276,847 |
| Impairment losses (refer to note 12) | 7,197 | 36,525 | - | 94 | 43,816 |
| Translation adjustment | 7,038 | (37,175) | (10,700) | - | (40,837) |
| On disposals | (711) | (37,289) | (7,900) | - | (45,900) |
| On disposal of subsidiaries | (38,040) | (57,906) | - | - | (95,946) |
| As at 31 December 2013 | 694,229 | 1,017,552 | 105,874 | 94 | 1,817,749 |
| **Net book value** | | | | | |
| As at 31 December 2013 | 2,613,910 | 1,911,402 | 138,928 | 1,405,545 | 6,069,785 |

## 14 Goodwill and port concession rights

| | Goodwill | Port concession rights | Total Intangible Assets |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| Cost | | | |
| As at 1 January 2014 | 1,532,238 | 3,799,653 | 5,331,891 |
| Additions | - | 91,717 | 91,717 |
| Disposals | - | (9,742) | (9,742) |
| Acquired through business combinations | 4,297 | 31,541 | 35,838 |
| Translation adjustment | (88,341) | (158,981) | (247,322) |
| As at 31 December 2014 | 1,448,194 | 3,754,188 | 5,202,382 |
| Amortisation and impairment | | | |
| As at 1 January 2014 | - | 895,172 | 895,172 |
| Charge for the year | - | 108,755 | 108,755 |
| On disposals | - | (4,362) | (4,362) |
| Translation adjustment | - | (24,645) | (24,645) |
| As at 31 December 2014 | - | 974,920 | 974,920 |
| Net book value | | | |
| As at 31 December 2014 | 1,448,194 | 2,779,268 | 4,227,462 |

## 14 Goodwill and port concession rights (continued)

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

At 31 December 2014, port concession rights with a carrying amount of USD 175,131 thousand (2013: USD 357,785 thousand) are pledged to secure bank loans (refer to note 27).

| | Goodwill | Port concession rights | Total Intangible Assets |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| Cost | | | |
| As at 1 January 2013 | 1,588,918 | 3,934,648 | 5,523,566 |
| Additions | - | 37,892 | 37,892 |
| Disposals | - | (790) | (790) |
| Disposal of subsidiaries | (34,880) | (27,981) | (62,861) |
| Impairment losses (refer to note 12) | (3,268) | - | (3,268) |
| Translation adjustment | (18,532) | (144,116) | (162,648) |
| As at 31 December 2013 | 1,532,238 | 3,799,653 | 5,331,891 |
| **Amortisation and impairment** | | | |
| As at 1 January 2013 | - | 819,564 | 819,564 |
| Charge for the year | - | 118,652 | 118,652 |
| Impairment loss (refer note 12) | - | 23,871 | 23,871 |
| On disposals | - | (610) | (610) |
| On disposal of subsidiaries | - | (5,462) | (5,462) |
| Translation adjustment | - | (60,843) | (60,843) |
| As at 31 December 2013 | - | 895,172 | 895,172 |
| Net book value | | | |
| As at 31 December 2013 | 1,532,238 | 2,904,481 | 4,436,719 |

## 15 Impairment testing

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units ("CGU"), which are reportable business units, for the purposes of impairment testing.

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

| | Carrying amount of goodwill | | Carrying amount of port concession rights with indefinite useful life | | Discount rates | Perpetuity growth rate |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | | |
| | USD'000 | USD'000 | USD'000 | USD'000 | | |
| Cash-generating units aggregated by operating segment | | | | | | |
| Asia Pacific and Indian subcontinent | 169,124 | 169,905 | - | - | 6.50% - 12.50% | 2.50% |
| Australia and Americas | 235,170 | 252,245 | - | - | 5.75% - 13.75% | 2.50% |
| Middle East, Europe and Africa | 1,043,900 | 1,110,088 | 979,201 | 1,043,125 | 5.47% - 13.50% | 2.50% - 2.60% |
| Total | 1,448,194 | 1,532,238 | 979,201 | 1,043,125 | | |

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

**Key assumptions used in value in use calculations**

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

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

*Discount rates* – These represent the cost of capital adjusted for the respective location risk factors. The Group uses the post-tax industry average Weighted Average Cost of Capital which reflects the country specific risk adjusted 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.

## 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 Group's interest in equity-accounted investees as included in consolidated statement of financial position:

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cash and cash equivalents | 352,234 | 350,997 | 136,146 | 105,483 | 165,784 | 204,675 | 654,164 | 661,155 |
| Other current assets | 167,963 | 185,851 | 111,017 | 137,905 | 163,159 | 176,657 | 442,139 | 500,413 |
| Non-current assets | 7,952,900 | 8,462,128 | 2,565,924 | 2,802,062 | 2,574,955 | 2,651,225 | 13,093,779 | 13,915,415 |
| **Total assets** | 8,473,097 | 8,998,976 | 2,813,087 | 3,045,450 | 2,903,898 | 3,032,557 | 14,190,082 | 15,076,983 |
| Current financial liabilities | 20,746 | 89,567 | 89,106 | 31,599 | 48,376 | 38,253 | 158,228 | 159,419 |
| Other current liabilities | 582,136 | 627,011 | 205,465 | 184,462 | 208,253 | 197,706 | 995,854 | 1,009,179 |
| Non-current financial liabilities | 1,250,111 | 1,432,290 | 1,643,284 | 1,710,022 | 479,931 | 677,990 | 3,373,326 | 3,820,302 |
| Other non-current liabilities | 651,141 | 625,330 | 102,391 | 111,826 | 552,012 | 422,176 | 1,305,544 | 1,159,332 |
| **Total liabilities** | 2,504,134 | 2,774,198 | 2,040,246 | 2,037,909 | 1,288,572 | 1,336,125 | 5,832,952 | 6,148,232 |
| **Net assets (100%)** | 5,968,963 | 6,224,778 | 772,841 | 1,007,541 | 1,615,326 | 1,696,432 | 8,357,130 | 8,928,751 |
| **Group's share of net assets in equity-accounted investees** | | | | | | | 2,534,320 | 2,700,703 |

16 **Investment in equity-accounted investees (continued)**

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Revenue | 1,527,146 | 1,317,725 | 688,368 | 716,099 | 576,798 | 519,766 | 2,792,312 | 2,553,590 |
| Depreciation and amortisation | (312,266) | (335,663) | (155,764) | (126,871) | (69,103) | (68,973) | (537,133) | (531,507) |
| Other expenses | (620,175) | (582,941) | (513,948) | (529,522) | (435,961) | (396,628) | (1,570,084) | (1,509,091) |
| Interest expense | (107,316) | (139,974) | (239,853) | (205,241) | (28,213) | (27,183) | (375,382) | (372,398) |
| Other finance income | 44,191 | 48,731 | 10,334 | 34,334 | 1,141 | 1,752 | 55,666 | 84,817 |
| Income tax expense | (124,275) | (111,840) | 54,565 | 32,280 | (3,620) | (6,435) | (73,330) | (85,995) |
| Net profit/ (loss) | 407,305 | 196,038 | (156,298) | (78,921) | 41,042 | 22,299 | 292,049 | 139,416 |
| Group's share of profit/ (loss) *(before separately disclosed items)* | 97,433 | 90,107 | (37,517) | (14,105) | 18,045 | 8,364 | 77,961 | 84,366 |
| Group's share of other comprehensive income | | | | | | | (10,906) | 17,772 |

## 17 Other investments

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| Debt securities held to maturity (refer to note a) | 9,204 | 10,207 |
| Available-for-sale financial assets (refer to note b) | 60,811 | 52,716 |
| | 70,015 | 62,923 |

(a) The movement in debt securities held to maturity mainly relates to redemption of USD 1,003 thousand (2013: USD 1,055 thousand) during the year.

(b) Available-for-sale financial assets consist of an unquoted investment in an Infrastructure Fund in UAE and a listed equity instrument in Hong Kong.

The movement schedule for these investments is as follows:

| | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| As at 1 January | 52,716 | 49,556 |
| Addition during the year | 10,000 | - |
| Change in fair value recognised in consolidated statement of other comprehensive income | (1,895) | 3,160 |
| Foreign exchange movement | (10) | - |
| As at 31 December | 60,811 | 52,716 |

Currency wise split of other investments are as follows:

| Currencies | 2014 USD'000 | 2013 USD'000 |
|---|---|---|
| HKD | 8,927 | - |
| USD | 61,051 | 62,883 |
| AUD | 37 | 40 |
| | 70,015 | 62,923 |

## 18 Accounts receivable and prepayments

| | 2014 | 2014 | 2014 |
|---|---|---|---|
| | Non-current | Current | Total |
| | USD'000 | USD'000 | USD'000 |
| Trade receivables (net) | - | 301,673 | 301,673 |
| Advances paid to suppliers | - | 30,373 | 30,373 |
| Other receivables and prepayments | 73,034 | 305,291 | 378,325 |
| Employee benefit assets (refer to note 26) | 262 | - | 262 |
| Due from related parties (refer to note 29) | 121,026 | 103,606 | 224,632 |
| | 194,322 | 740,943 | 935,265 |
| | 2013 | 2013 | 2013 |
| | Non-current | Current | Total |
| | USD'000 | USD'000 | USD'000 |
| Trade receivables (net) | - | 270,074 | 270,074 |
| Advances paid to suppliers | - | 36,483 | 36,483 |
| Other receivables and prepayments | 65,253 | 263,067 | 328,320 |
| Employee benefit assets (refer to note 26) | 372 | - | 372 |
| Due from related parties (refer to note 29) | 115,485 | 111,070 | 226,555 |
| | 181,110 | 680,694 | 861,804 |

The Group's exposure to credit and currency risks is disclosed in note 30.

## 19 Bank balances and cash

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Cash at banks and in hand | 381,173 | 368,830 |
| Short-term deposits | 3,281,606 | 2,151,205 |
| Deposits under lien | 60,294 | 52,435 |
| Bank balances and cash | 3,723,073 | 2,572,470 |
| Bank overdrafts | - | (1,407) |
| **Cash and cash equivalents for consolidated statement of cash flows** | 3,723,073 | 2,571,063 |

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. Bank overdrafts are repayable on demand.

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

## 20 Share capital

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| *Authorised* | | |
| 1,250,000,000 of USD 2.00 each | 2,500,000 | 2,500,000 |
| | | |
| *Issued and fully paid* | | |
| 830,000,000 of USD 2.00 each | 1,660,000 | 1,660,000 |

## 21 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.

*Hedging reserve*

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.

*Other reserves*

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 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 also includes foreign exchange translation differences arising from translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

## 22 Non-controlling interests ('NCI')

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

| | 2014 | 2014 | 2014 | 2013 | 2013 | 2013 |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| | Middle East, Europe and Africa region | Other individually immaterial subsidiaries * | Total | Middle East, Europe and Africa region | Other individually immaterial subsidiaries * | Total |
| *Balance sheet information:* | | | | | | |
| Non-current assets | 465,648 | | | 497,259 | | |
| Current assets | 247,567 | | | 167,675 | | |
| Non-current liabilities | (138,487) | | | (171,342) | | |
| Current liabilities | (119,770) | | | (124,341) | | |
| Net assets (100%) | 454,958 | | | 369,251 | | |
| Carrying amount of fair value adjustments | 284,550 | | | 304,490 | | |
| Total | 739,508 | | | 673,741 | | |
| **Carrying amount of NCI as at 31 December** | 419,004 | 110,258 | 529,262 | 372,018 | 103,723 | 475,741 |

## 22 Non-controlling interests ('NCI') (continued)

| | 2014 | 2014 | 2014 | 2013 | 2013 | 2013 |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| | Middle East, Europe and Africa region | Other individually immaterial subsidiaries * | Total | Middle East, Europe and Africa region | Other individually immaterial subsidiaries * | Total |
| *Statement of profit or loss information:* | | | | | | |
| Revenue | 386,297 | | | 316,073 | | |
| Profit after tax | 97,075 | | | 80,600 | | |
| Other comprehensive income, net of tax | (5,705) | | | 12,204 | | |
| Total comprehensive income (100%), net of tax | 91,370 | | | 92,804 | | |
| Profit allocated to NCI | 61,169 | 20,387 | 81,556 | 51,418 | 30,734 | 82,152 |
| Other comprehensive income allocated to NCI | (1,646) | (11,376) | (13,022) | 7,566 | 2,169 | 9,735 |
| Total comprehensive income attributable to NCI | 59,523 | 9,011 | 68,534 | 58,984 | 32,903 | 91,887 |
| *Cash flow statement information:* | | | | | | |
| Cash flows from operating activities | 147,214 | | | 129,849 | | |
| Cash flows from investing activities | (11,953) | | | 42,663 | | |
| Cash flows from financing activities | (54,022) | | | 113,695 | | |
| Dividends paid to NCI | - | | | 38,604 | | |

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

## 23 Dividends

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Declared and paid during the year: | | |
| Final dividend: 23 US cents per share/ 24 US cents per share | 190,900 | 199,200 |
| Proposed for approval at the annual general meeting | | |
| *(not recognised as a liability as at 31 December):* | | |
| Final dividend: 23.5 US cents per share/ 23 US cents per share | 195,050 | 190,900 |

## 24 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.

| | 2014 Before separately disclosed items | 2014 Adjusted for separately disclosed items | 2013 Before separately disclosed items | 2013 Adjusted for separately disclosed items |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Profit attributable to the ordinary shareholders of the Company (a) | 675,430 | 700,573 | 604,421 | 639,636 |
| Add: Interest expense on convertible bonds saved as a result of the conversion | 9,397 | 9,397 | - | - |
| Add: Transaction cost on convertible bonds saved as a result of the conversion | 503 | 503 | - | - |
| Profit attributable to the ordinary shareholders of the Company after conversion (b) | 685,330 | 710,473 | 604,421 | 639,636 |
| Weighted average number of basic shares outstanding as at 31 December (c) | 830,000 | 830,000 | 830,000 | 830,000 |
| Weighted average numbers of shares due to conversion of convertible bond | 19,786 | 19,786 | - | - |
| Total weighted average number of ordinary share (diluted) outstanding as at – (d) | 849,786 | 849,786 | 830,000 | 830,000 |
| Basic earnings per share US cents - (a/c) | 81.38 | 84.41 | 72.82 | 77.06 |
| Diluted earnings per share USD cents - (b/d) | 80.65 | 83.61 | 72.82 | 77.06 |

## 25 Employees' end of service benefits

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| As at 1 January | 61,740 | 55,747 |
| Acquired through business combinations | 3,721 | - |
| Provision made during the year * | 13,895 | 11,961 |
| Amounts paid during the year | (5,229) | (5,968) |
| As at 31 December | 74,127 | 61,740 |

* 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.

## 26 Pension and post-employment benefits

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

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

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.

## 26 Pension and post-employment benefits (continued)

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| **Non-current** | | |
| Defined benefit schemes net liabilities | **208,166** | 168,000 |
| Liabilities from defined contribution schemes | **-** | 706 |
| Liability in respect of long service leave | **588** | 700 |
| Liability for other non-current deferred compensation | **1,667** | - |
| | | |
| | **210,421** | 169,406 |
| **Current** | | |
| Liability for current deferred compensation | **10,175** | 10,068 |
| | | |
| **Net liabilities** | **220,596** | 179,474 |
| | | |
| **Net liabilities** | | |
| *Reflected in the consolidated statement of financial position as follows:* | | |
| Employee benefits assets (included within non-current receivables (refer to note 18) | **(262)** | (372) |
| Employee benefits liabilities: Non-current | **210,683** | 169,778 |
| Employee benefits liabilities: Current | **10,175** | 10,068 |
| | | |
| | **220,596** | 179,474 |
| | | |

The defined benefit pension schemes net liabilities of USD 208,166 thousand (2013: USD 168,000 thousand) is in respect of the total Group schemes shown on page 68 and 69.

The current portion of employee benefits liabilities includes a liability of USD 7,877 thousand (2013: USD 8,400 thousand) in respect of annual leave, USD 829 thousand (2013: USD 1,200 thousand) in respect of long service leave, and USD 1,469 thousand (2013: USD 468 thousand) in respect of sick leave and other miscellaneous employee benefit items.

An expense of USD 31,952 thousand (2013: USD 30,354 thousand) has been recognised in the consolidated statement of profit or loss for the long term employee benefit schemes. USD 7,600 thousand (2013: USD 7,200 thousand) in respect of defined benefit schemes, USD 12,300 thousand (2013: USD 9,700 thousand) in respect of defined contribution schemes and USD 12,052 thousand (2013: USD 13,454 thousand) in respect of other employee benefits.

A net finance cost of USD 6,756 thousand (2013: USD 8,100 thousand) in respect of defined benefit funds has been recognised in the consolidated statement of profit or loss.

## 26 Pension and post-employment benefits (continued)

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Actuarial (gain)/ loss recognised in the year | 202,472 | (39,280) |
| Return on plan assets (lesser)/greater than the discount rate | (171,000) | (4,800) |
| Change in share in multi-employer scheme | 29,745 | - |
| Movement in minimum funding liability | 8,600 | 5,200 |
| | 69,817 | (38,880) |

**Actuarial valuations and assumptions**

The latest valuations of the defined benefit schemes have been updated to 31 December 2014 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 | MNOPF scheme | Other schemes |
|---|---|---|---|
| | 2014 | 2014 | 2014 |
| Discount rates | 3.60% | 3.60% | 3.70% |
| Discount rates bulk annuity asset | 3.35% | - | - |
| Expected rates of salary increases | 2.50% | - | 3.20% |
| Pension increases: deferment | 2.80% | 2.15% | 3.00% |
| payment | 2.80% | 3.05% | 3.00% |
| Inflation | 3.15% | 3.15% | 3.20% |

| | P&O UK scheme | MNOPF scheme | Other schemes |
|---|---|---|---|
| | 2013 | 2013 | 2013 |
| Discount rates | 4.35% | 4.35% | 4.50% |
| Discount rates bulk annuity asset | 4.20% | - | - |
| Expected rates of salary increases | 2.50% | - | 1.90% |
| Pension increases: deferment | 3.00% | 2.60% | 3.24% |
| payment | 3.00% | 3.45% | 3.24% |
| Inflation | 3.60% | 3.60% | 3.60% |

From 1 December 2011, changes have been made to the benefits provided by the P&O UK scheme. These include a restriction to pay increases equal to the lower of Retail Price Index and 2.5% in a Scheme Year. This restriction is reflected in the pay increase assumption above and there is no allowance for promotional increases.

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.

## 26 Pension and post-employment benefits (continued)

**Actuarial valuations and assumptions (continued)**

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** |
| 2014 | | | | |
| P&O UK scheme | 23.3 | 26.3 | 25.6 | 28.7 |
| MNOPF scheme | 22.6 | 25.4 | 26.2 | 29.2 |
| 2013 | | | | |
| P&O UK scheme | 23.1 | 26.1 | 25.5 | 28.6 |
| MNOPF scheme | 22.5 | 25.3 | 26.1 | 29.0 |

At 31 December 2014 the weighted average duration of the defined benefit obligation was 16 years (2013: 16.2 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 2014 by the amounts shown below:

| | USD'000 |
|---|---|
| 0.1% reduction in discount rate | 21,800 |
| 0.1% increase in inflation assumption and related assumptions | 9,200 |
| 0.25% p.a. increase in the long term rate of mortality improvement | 14,800 |

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:

| W i t h | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Group schemes fair value** |
|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **2014** | | | | |
| Equities | 500,311 | 75,904 | 87,600 | 663,815 |
| Bonds | 183,136 | 139,996 | 120,200 | 443,332 |
| Other | 30,549 | - | 38,700 | 69,249 |
| Value of insured pensioner liability | 1,273,496 | - | - | 1,273,496 |
| c | | | | |
| x | 1,987,492 | 215,900 | 246,500 | 2,449,892 |
| c | | | | |
| 2013 | | | | |
| Equities | 403,400 | 58,200 | 84,200 | 545,800 |
| Bonds | 216,800 | 102,500 | 90,300 | 409,600 |
| Other | 61,200 | 13,900 | 33,900 | 109,000 |
| Value of insured pensioner liability | 1,313,900 | - | - | 1,313,900 |
| n | | | | |
| | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| o f | | | | |

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

## 26 Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2014:

| | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Present value of obligation at 1 January 2014 | (2,068,600) | (216,300) | (255,900) | (2,540,800) |
| Employer's interest cost | (87,300) | (9,200) | (11,400) | (107,900) |
| Employer's current service cost | (600) | - | (3,700) | (4,300) |
| Contributions by scheme participants | - | - | (1,200) | (1,200) |
| Effect of movement in exchange rates | 125,500 | 14,800 | 18,659 | 158,959 |
| Benefits paid | 109,800 | 9,400 | 11,400 | 130,600 |
| Experience gains/ (loss) on scheme liabilities | 13,900 | 300 | (24,017) | (9,817) |
| Change in share in multi-employer scheme | - | (24,037) | (53,508) | (77,545) |
| Actuarial gain/ (loss) on scheme liabilities due to change in demographic assumptions | (2,900) | - | - | (2,900) |
| Actuarial (loss)/ gains on scheme liabilities due to change in financial assumptions | (160,400) | (21,263) | (8,092) | (189,755) |
| Present value of obligation at 31 December 2014 | (2,070,600) | (246,300) | (327,758) | (2,644,658) |

| | P&O UK scheme | MNOPF Scheme | Other schemes | Total group schemes |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Fair value of scheme assets at 1 January 2014 | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| Interest income on assets | 84,300 | 7,600 | 9,400 | 101,300 |
| Return on plan assets (lesser)/ greater than the discount rate | 125,500 | 29,700 | 15,800 | 171,000 |
| Contributions by employer | 14,200 | 8,500 | 8,900 | 31,600 |
| Contributions by scheme participants | - | - | 1,200 | 1,200 |
| Effect of movement in exchange rates | (120,008) | (12,900) | (14,500) | (147,408) |
| Benefits paid | (109,800) | (9,400) | (11,400) | (130,600) |
| Change in share in multi-employer scheme | - | 18,300 | 29,500 | 47,800 |
| Administration costs incurred during the year | (2,000) | (500) | (800) | (3,300) |
| Fair value of scheme assets at 31 December 2014 | 1,987,492 | 215,900 | 246,500 | 2,449,892 |
| Defined benefit schemes net liabilities | (83,108) | (30,400) | (81,258) | (194,766) |
| Minimum funding liability | - | (13,400) | - | (13,400) |
| Net liability recognised in the consolidated statement of financial position at 31 December 2014 | (83,108) | (43,800) | (81,258) | (208,166) |

## 26 Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2013:

| | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Present value of obligation at 1 January 2013 | (2,084,534) | (217,000) | (243,000) | (2,544,534) |
| Employer's interest cost | (81,300) | (8,400) | (10,300) | (100,000) |
| Employer's current service cost | (500) | - | (4,200) | (4,700) |
| Contributions by scheme participants | - | - | (1,100) | (1,100) |
| Effect of movement in exchange rates | (39,046) | (4,300) | (4,800) | (48,146) |
| Benefits paid | 100,700 | 8,600 | 9,100 | 118,400 |
| Experience gains/ (loss) on scheme liabilities | 2,800 | 6,700 | (3,300) | 6,200 |
| Actuarial gain/ (loss) on scheme liabilities due to change in demographic assumptions | 44,880 | (3,900) | - | 40,980 |
| Actuarial (loss)/ gains on scheme liabilities due to change in financial assumptions | (11,600) | 2,000 | 1,700 | (7,900) |
| Present value of obligation at 31 December 2013 | (2,068,600) | (216,300) | (255,900) | (2,540,800) |

| | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Fair value of scheme assets at 1 January 2013 | 1,967,400 | 167,500 | 188,000 | 2,322,900 |
| Interest income on assets | 76,900 | 6,700 | 8,300 | 91,900 |
| Return on plan assets (lesser)/ greater than the discount rate | (300) | (2,500) | 7,600 | 4,800 |
| Contributions by employer | 13,400 | 8,000 | 8,600 | 30,000 |
| Contributions by scheme participants | - | - | 1,100 | 1,100 |
| Effect of movement in exchange rates | 40,600 | 3,700 | 4,200 | 48,500 |
| Benefits paid | (100,700) | (8,600) | (9,100) | (118,400) |
| Administration costs incurred during the year | (2,000) | (200) | (300) | (2,500) |
| Fair value of scheme assets at 31 December 2013 | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| Defined benefit schemes net liabilities | (73,300) | (41,700) | (47,500) | (162,500) |
| Minimum funding liability | - | (5,500) | - | (5,500) |
| Net liability recognised in the consolidated statement of financial position at 31 December 2013 | (73,300) | (47,200) | (47,500) | (168,000) |

## 26 Pension and post-employment benefits (continued)

Where a surplus arises on a scheme in accordance with IAS19 and IFRIC14, the surplus is recognised as an asset only if it represents an unconditional economic benefit available to the Group in the future. Any surplus in excess of this benefit is not recognised in the statement of financial position. A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

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

| | 2014 | 2013 |
|---|---|---|
| | 000 | USD'000 |
| Minimum funding liability as on 1 January | (5,500) | - |
| Employer's interest cost | (156) | - |
| Actuarial (loss)/ gain during the year | (8,600) | (5,200) |
| Effect of movement in exchange rates | 856 | (300) |
| Minimum funding liability as on 31 December | (13,400) | (5,500) |

It is anticipated that the Group will make the following contributions to the pension schemes in 2015:

| | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| Pension scheme contributions | 13,478 | 8,064 | 8,494 | 30,036 |

**P&O UK Scheme**

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the latest completed regular valuation report for the scheme being at 31 March 2013, using the projected unit credit method.

As a result of the valuation P&O committed to regular monthly deficit payments from April 2013 of USD 1,087 thousand until November 2021.

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.

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

The MNOPF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

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

## 26 Pension and post-employment benefits (continued)

**Merchant Navy Officers' Pension Fund ("MNOPF") (continued)**

The Old Section has been closed to benefit accrual since 1978. The Old Scheme 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 Scheme. The Group could not identify its share of the underlying assets and liabilities of the Old Section on a consistent and reasonable basis and therefore accounted for contributions and payments to the Old Section under IAS19 as if it were a defined contribution scheme until the scheme was wound up during the year.

The most recent formal actuarial valuation of the New Section was carried out as at 31 March 2012.

Following the valuation the Trustee and Employers have agreed contributions, in addition to those arising from the 31 March 2003, 31 March 2006 and 31 March 2009 valuations, 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: 2015 USD 7,925 thousand, 2016 to 2020 USD 7,059 thousand per annum and 2021 to 2023 USD 1,917 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 2014 is estimated at 5.70%.

**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.

The most recent formal actuarial valuation was carried out as at 31 March 2011.

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, it was not overturned.

The Trustees notified these Group companies of their estimated share of the current deficit during December 2012 equating to 3.0%.The method of deficit allocation and the associated recovery plan has still to be approved by the court however based on this initial indication the Group has provided for this liability after an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. The net impact of USD 17,300 thousand was reflected as an actuarial movement in the consolidated statement of other comprehensive income in 2012.

## 27 Loans and borrowings

This note provides information about the terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 30.

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| **Non-current liabilities** | | |
| Secured bank loans | 982,245 | 1,056,613 |
| Mortgage debenture stock | 2,220 | 2,355 |
| Unsecured loan stock | - | 5,399 |
| Unsecured bank loans | 589,695 | 455,544 |
| Unsecured bond issues | 3,241,454 | 3,239,277 |
| Convertible bond * | 752,271 | - |
| Unsecured loans | 9,870 | - |
| Finance lease liabilities | 25,903 | 17,502 |
| | 5,603,658 | 4,776,690 |
| **Current liabilities** | | |
| Secured bank loans | 227,697 | 202,209 |
| Unsecured bank loans | 14,984 | 42,886 |
| Unsecured loans | 1,200 | 3,867 |
| Finance lease liabilities | 7,449 | 9,365 |
| | 251,330 | 258,327 |
| Total | 5,854,988 | 5,035,017 |

* Refer note 27(b)

## 27 Interest bearing loans and borrowings (continued)

**Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

| Currency | *Notes* | Nominal interest rate | Year of maturity | Face value | 2014 Carrying amount |
|---|---|---|---|---|---|
| | | | | USD'000 | USD'000 |
| Secured bank loans | | | | | |
| USD | | Variable | 2015-2020 | 360,563 | 360,563 |
| USD | | 3% | 2019 | 3,046 | 3,046 |
| USD | | 5.65% - 8% | 2022 | 37,000 | 37,000 |
| EUR | | Variable | 2023 | 2,726 | 2,726 |
| EUR | | Variable | 2015-2031 | 80,347 | 80,347 |
| EUR | | 6.32% | 2015 | 327 | 327 |
| PKR | | Variable | 2019 | 65,002 | 65,002 |
| ZAR | | 9.5% | 2017 | 292 | 292 |
| GBP | | Variable | 2031 | 658,805 | 658,805 |
| GBP | | 7.5% | 2017 | 1,834 | 1,834 |
| Unsecured bank loans | | | | | |
| SAR | | Variable | 2017 | 11,151 | 11,151 |
| CAD | | Variable | 2018 | 115,692 | 115,692 |
| INR | | Variable | 2017-2019 | 46,800 | 46,800 |
| USD | | 4.14% | 2024 | 8,165 | 8,166 |
| USD | | Variable | 2018-2021 | 422,870 | 422,870 |
| Mortgage debenture stock | | | | | |
| GBP | | 3.5% | Undated | 2,220 | 2,220 |
| Unsecured loans | | | | | |
| EUR | | 2.5%-4% | Indefinite duration | 9,870 | 9,870 |
| USD | | 7.5% | Payable on demand | 1,200 | 1,200 |
| Unsecured bond | | | | | |
| USD | | 7.875% | 2027 | 8,000 | 7,943 |
| Unsecured sukuk bonds | | | | | |
| USD | *(a)* | * | 2017 | 1,500,000 | 1,494,487 |
| Unsecured MTNs | | | | | |
| USD | *(a)* | 6.85% | 2037 | 1,750,000 | 1,739,024 |
| Unsecured convertible bond | | | | | |
| USD | *(b)* | 1.75% | 2024 | 1,000,000 | 752,271 |
| Finance lease liabilities in various currencies | | 2.62% - 13.58% | 2015-2054 | 33,352 | 33,352 |
| | | | | 6,119,262 | 5,854,988 |

* The profit rate on this Islamic Bond is 6.25%.

## 27 Interest bearing loans and borrowings (continued)

**Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

| Currency | *Notes* | Nominal interest rate | Year of maturity | Face value | 2013 Carrying amount |
|---|---|---|---|---|---|
| | | | | USD'000 | USD'000 |
| | | | | | |
| Secured bank loans | | | | | |
| USD | | Variable | 2014- 2020 | 476,012 | 476,012 |
| USD | | 3% to 8% | 2019- 2022 | 42,786 | 42,786 |
| EUR | | Variable | 2017- 2023 | 88,117 | 88,117 |
| PKR | | Variable | 2019 | 68,976 | 68,976 |
| ZAR | | 9.5% | 2017 | 496 | 496 |
| GBP | | Variable | 2031 | 578,793 | 578,793 |
| GBP | | 8.5% | 2017 | 3,642 | 3,642 |
| | | | | | |
| Unsecured bank loans | | | | | |
| SAR | | Variable | 2017 | 15,178 | 15,178 |
| CAD | | Variable | 2018 | 135,224 | 135,224 |
| INR | | Variable | 2014-2019 | 64,136 | 64,136 |
| USD | | Variable | 2018 | 257,209 | 257,209 |
| USD | | 4.14% | 2024 | 26,683 | 26,683 |
| EUR | | Variable | Payable on demand | 2,667 | 2,667 |
| USD | | 8% | Payable on demand | 1,200 | 1,200 |
| | | | | | |
| Mortgage debenture stock | | | | | |
| GBP | | 3.5% | Undated | 2,355 | 2,355 |
| Unsecured loan stock | | | | | |
| GBP | | 7.5% | Undated | 5,399 | 5,399 |
| Unsecured bond | | | | | |
| USD | | 7.88% | 2027 | 8,000 | 7,940 |
| Unsecured sukuk bonds | | | | | |
| USD | *(a)* | * | 2017 | 1,500,000 | 1,492,513 |
| Unsecured MTNs | | | | | |
| USD | *(a)* | 6.85% | 2037 | 1,750,000 | 1,738,824 |
| Finance lease liabilities in various currencies | | 1.13%-10.43% | 2014-2054 | 26,867 | 26,867 |
| | | | | | |
| | | | | 5,053,740 | 5,035,017 |
| | | | | | |

* The profit rate on this Islamic Bond is 6.25%.

## 27 Interest bearing loans and borrowings (continued)

(a) The Group has issued conventional bond of USD 1,750,000 thousand as Medium Term Note and a Sukuk (Islamic Bond) of USD 1,500,000 thousand. The Medium Term Note and Sukuk are currently listed on Nasdaq Dubai and the London Stock Exchange (LSE).

(b) On 19 June 2014, the Group issued 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 July 2017 onwards (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 13 and note 14). The deposits under lien amounting to USD 60,294 thousand (2013: USD 52,435 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 19).

At 31 December 2014, the undrawn committed borrowing facilities of USD 3,627,235 thousand (2013: USD 1,506,129 thousand) were available to the Group, in respect of which all conditions precedent had been met.

**Finance lease liabilities**

The Group classifies certain property, plant and equipment as finance leases where it retains all risks and rewards incidental to the ownership. The net carrying values of these assets are disclosed in note 13.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | | | **2014** |
|---|---|---|---|
| | **Future minimum lease payments** | **Interest** | **Present value of minimum lease payments** |
| | **USD'000** | **USD'000** | **USD'000** |
| Less than one year | **9,087** | **(2,064)** | **7,023** |
| Between one and five years | **26,793** | **(3,955)** | **22,838** |
| More than five years | **8,836** | **(5,345)** | **3,491** |
| At 31 December | **44,716** | **(11,364)** | **33,352** |

| | | | 2013 |
|---|---|---|---|
| | Future minimum lease payments | Interest | Present value of minimum lease payments |
| | USD'000 | USD'000 | USD'000 |
| Less than one year | 11,258 | (1,894) | 9,364 |
| Between one and five years | 17,929 | (4,120) | 13,809 |
| More than five years | 9,770 | (6,076) | 3,694 |
| At 31 December | 38,957 | (12,090) | 26,867 |

The finance leases do not contain any escalation clauses and do not provide for contingent rents.

## 28 Accounts payable and accruals

| | | | 2014 |
|---|---|---|---|
| | Non-current | Current | Total |
| | USD'000 | USD'000 | USD'000 |
| Trade payables | - | 126,848 | 126,848 |
| Other payables and accruals | 205,108 | 890,879 | 1,095,987 |
| Provisions * | 1,028 | 92,653 | 93,681 |
| Fair value of derivative financial instruments | 332,078 | 11,844 | 343,922 |
| Amounts due to related parties (refer to note 29) | - | 7,797 | 7,797 |
| As at 31 December | 538,214 | 1,130,021 | 1,668,235 |

| | | | 2013 |
|---|---|---|---|
| | Non-current | Current | Total |
| | USD'000 | USD'000 | USD'000 |
| Trade payables | - | 146,359 | 146,359 |
| Other payables and accruals | 256,027 | 796,671 | 1,052,698 |
| Provisions * | 1,018 | 54,411 | 55,429 |
| Fair value of derivative financial instruments | 24,201 | 28,170 | 52,371 |
| Amounts due to related parties (refer to note 29) | - | 8,173 | 8,173 |
| As at 31 December | 281,246 | 1,033,784 | 1,315,030 |

* During the current year, additional provision of USD 57,817 thousand was made (2013: USD 41,940 thousand) and an amount of USD 19,565 thousand was utilised (2013: USD 28,010 thousand).

## 29 Related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence i.e. part of the same Parent Group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, the Parent Company, Ultimate Parent Company (Dubai World Corporation) and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis.

The Ultimate Parent Company operates a Shared Services Unit ("SSU") which recharges the proportionate costs of services provided to the Group. SSU also processes the payroll for the Company and certain subsidiaries and recharges the respective payroll costs.

## 29 Related party transactions (continued)

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

| | Equity-accounted investees | Other related parties | 2014 Total |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| | | | |
| *Expenses charged:* | | | |
| Concession fee | - | 48,169 | 48,169 |
| Shared services | - | 212 | 212 |
| Other services | - | 24,838 | 24,838 |
| | | | |
| *Revenue earned:* | | | |
| Management fee income | 21,437 | - | 21,437 |
| Interest Income | 18,463 | - | 18,463 |
| | | | |
| *Liabilities settled and recharged:* | - | 5,179 | 5,179 |

| | Equity-accounted investees | Other related parties | 2013 Total |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| | | | |
| *Expenses charged:* | | | |
| Concession fee | - | 48,169 | 48,169 |
| Shared services | - | - | - |
| Other services | - | 30,574 | 30,574 |
| | | | |
| *Revenue earned:* | | | |
| Management fee income | 19,946 | - | 19,946 |
| Interest Income | 19,076 | - | 19,076 |
| | | | |
| *Liabilities settled and recharged:* | - | 2,877 | 2,877 |

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

| | Due from related parties | | Due to related parties | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | |
| Ultimate Parent Company | 2,188 | 2,114 | 188 | 377 |
| Parent Company | 54,426 | 54,304 | - | - |
| Equity-accounted investees | 148,797 | 145,755 | 303 | 57 |
| Other related parties | 19,221 | 24,382 | 7,306 | 7,739 |
| | 224,632 | 226,555 | 7,797 | 8,173 |

Guarantees issued on behalf of equity-accounted investees amount to USD 27,668 thousand (2013: USD 81,401 thousand).

## 29 Related party transactions (continued)

**Compensation of key management personnel**

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Short-term benefits and bonus | 10,318 | 9,543 |
| Post-retirement benefits | 677 | 702 |
| | 10,995 | 10,245 |

**Business combinations under common control**

In the current year, the Group has acquired Dubai Trade FZE and World Security FZE. These business combinations were accounted under common control acquisitions (also refer to note 34).

## 30 Financial instruments

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

**(a) Credit risk**

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure which was as follows at 31 December:

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Available-for-sale financial assets | 60,811 | 52,716 |
| Held-to-maturity investments | 9,204 | 10,207 |
| Derivative assets | 129 | 1,685 |
| Loans and receivables | 791,617 | 669,405 |
| Bank balances and cash | 3,723,073 | 2,572,470 |
| | 4,584,834 | 3,306,483 |

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

## 30 Financial instruments (continued)

### (a) Credit risk (continued)

### (i) Exposure to credit risk (continued)

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Asia Pacific and Indian subcontinent | 13,895 | 21,288 |
| Australia and Americas | 40,903 | 41,323 |
| Middle East, Europe and Africa | 246,875 | 207,463 |
| | 301,673 | 270,074 |

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Neither past due nor impaired on the reporting date: | 187,700 | 168,120 |
| *Past due on the reporting date* | | |
| Past due 0-30 days | 90,580 | 81,384 |
| Past due 31-60 days | 19,775 | 16,911 |
| Past due 61-90 days | 2,519 | 2,456 |
| Past due > 90 days | 1,099 | 1,203 |
| | 301,673 | 270,074 |

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

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| As at 1 January | 47,299 | 38,920 |
| Provision recognised during the year | (6,175) | 8,379 |
| Provision reversed during the year | 3,246 | - |
| As at 31 December | 44,370 | 47,299 |

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 58% (2013: 47%) of the trade receivables.

## 30 Financial instruments (continued)

### (b) Liquidity risk

2014

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

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| *Non derivative financial liabilities* | | | | | | |
| Secured bank loans | 1,209,942 | (1,513,949) | (186,328) | (179,947) | (448,348) | (699,326) |
| Unsecured bond issues | 3,241,454 | (6,198,631) | (214,255) | (214,255) | (1,908,911) | (3,861,210) |
| Convertible Bond | 752,271 | (1,166,979) | (17,500) | (17,500) | (52,500) | (1,079,479) |
| Mortgage debenture stocks | 2,220 | (4,162) | (78) | (78) | (233) | (3,773) |
| Unsecured loans and loan stock | 11,070 | (11,537) | (11,537) | - | - | - |
| Finance lease liabilities | 33,352 | (44,716) | (9,087) | (16,927) | (9,866) | (8,836) |
| Unsecured other bank loans | 604,679 | (733,867) | (61,523) | (85,216) | (454,663) | (132,465) |
| Trade and other payables | 1,194,827 | (1,197,812) | (1,003,342) | (124,900) | (49,777) | (19,793) |
| Bank overdraft | - | - | - | - | - | - |
| Financial guarantees and letters of credit* | - | (278,044) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps used for hedging | 109,912 | (150,268) | (37,201) | (28,635) | (61,630) | (22,802) |
| Embedded derivative option | 233,232 | - | - | - | - | - |
| Forward exchange contracts used for hedging | 778 | (3,129) | (2,116) | (1,013) | - | - |
| Total | 7,393,737 | (11,303,094) | (1,542,967) | (668,471) | (2,985,928) | (5,827,684) |

* Refer to note 33 for further details.

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

**2014**

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated statement of profit or loss.

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Interest rate swaps | | | | | | |
| Assets | 129 | 129 | 129 | - | - | - |
| Liabilities | (109,912) | (150,268) | (37,201) | (28,635) | (61,630) | (22,802) |
| Forward exchange contracts used for hedge | | | | | | |
| Liabilities | (778) | (3,129) | (2,116) | (1,013) | - | - |
| Embeddded derivative option | | | | | | |
| Liabilities | (233,232) | - | - | - | - | - |
| Total | (343,793) | (153,268) | (39,188) | (29,648) | (61,630) | (22,802) |

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

2013

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

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| *Non derivative financial liabilities* | | | | | | |
| Secured bank loans | 1,258,822 | (1,679,351) | (197,180) | (207,770) | (490,221) | (784,180) |
| Unsecured bond issues | 3,239,277 | (6,412,886) | (214,255) | (214,255) | (2,002,661) | (3,981,715) |
| Mortgage debenture stocks | 2,355 | (4,496) | (82) | (82) | (247) | (4,085) |
| Unsecured loans and loan stock | 9,266 | (19,795) | (4,272) | (405) | (1,215) | (13,903) |
| Finance lease liabilities | 26,867 | (38,957) | (11,258) | (9,580) | (8,349) | (9,770) |
| Unsecured other bank loans | 498,430 | (556,793) | (80,985) | (56,606) | (395,097) | (24,105) |
| Trade and other payables | 1,200,037 | (1,223,934) | (944,011) | (110,067) | (112,038) | (57,818) |
| Bank overdraft | 1,407 | (1,407) | (1,407) | - | - | - |
| Financial guarantees and letters of credit* | - | (316,834) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps | 51,953 | (140,288) | (36,730) | (33,322) | (59,567) | (10,669) |
| Forward exchange contracts | 418 | (534) | (381) | (131) | (22) | - |
| Total | 6,288,832 | (10,395,275) | (1,490,561) | (632,218) | (3,069,417) | (4,886,245) |

* Refer to note 33 for further details.

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

2013

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated statement of profit or loss.

| | Carrying amount | Expected cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Interest rate swaps | | | | | | |
| Assets | 1,685 | (349) | (129) | (95) | (125) | - |
| Liabilities | (51,953) | (140,288) | (36,730) | (33,322) | (59,567) | (10,669) |
| Forward exchange contracts | | | | | | |
| Liabilities | (418) | (534) | (381) | (131) | (22) | - |
| Total | (50,686) | (141,171) | (37,240) | (33,548) | (59,714) | (10,669) |

## 30 Financial instruments (continued)

### (c) Market risk

### (i) Currency risk

**Exposure to currency risk**

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

| | | | | | | | | 2014 |
|---|---|---|---|---|---|---|---|---|
| | USD * | GBP | EUR | AUD | INR | CAD | Others | Total |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cash and cash equivalents | 3,190,374 | 93,729 | 86,415 | 63,249 | 94,962 | 30,206 | 164,138 | 3,723,073 |
| Trade receivables | 182,570 | 34,099 | 37,721 | 6,810 | 8,503 | 16,991 | 14,979 | 301,673 |
| Secured bank loans and debenture stock | (400,609) | (662,858) | (83,400) | - | - | - | (65,295) | (1,212,162) |
| Unsecured bank loans and loan stock | (432,237) | - | (9,870) | - | (46,799) | (115,692) | (11,151) | (615,749) |
| Bank overdraft | - | - | - | - | - | - | - | - |
| Trade payables | (33,640) | (18,104) | (24,016) | (2,987) | (25,363) | (1,705) | (21,033) | (126,848) |
| **Net consolidated statement of financial position exposures** | 2,506,458 | (553,134) | 6,850 | 67,072 | 31,303 | (70,200) | 81,638 | 2,069,987 |

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

## 30 Financial instruments (continued)

### (c) Market risk (continued)

### (i) Currency risk (continued)

**Exposure to currency risk (continued)**

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

| | | | | | | | | 2013 |
|---|---|---|---|---|---|---|---|---|
| | USD * | GBP | EUR | AUD | INR | CAD | Others | Total |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cash and cash equivalents | 2,260,973 | 79,415 | 111,145 | 21,262 | 1,856 | 26,600 | 71,219 | 2,572,470 |
| Trade receivables | 160,500 | 26,027 | 31,167 | 8,400 | 15,730 | 13,100 | 15,150 | 270,074 |
| Secured bank loans and mortgage debenture stock | (518,797) | (584,789) | (88,117) | - | - | - | (69,474) | (1,261,177) |
| Unsecured bank loans and loan stock | (285,092) | (5,399) | (2,667) | - | (64,136) | (135,224) | (15,178) | (507,696) |
| Bank overdraft | - | (1,407) | - | - | - | - | - | (1,407) |
| Trade payables | (51,151) | (44,160) | (22,377) | (2,300) | (19,601) | (1,700) | (5,070) | (146,359) |
| Net consolidated statement of financial position exposures | 1,566,433 | (530,313) | 29,151 | 27,362 | (66,151) | (97,224) | (3,353) | 925,905 |

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

## 30 Financial instruments (continued)

### (c) Market risk (continued)

### (i) Currency risk (continued)

The following exchange rates were applied during the year:

| Significant foreign currencies | Average rate during | | Reporting date spot rate | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| GBP | 0.607 | 0.640 | 0.642 | 0.605 |
| EUR | 0.754 | 0.753 | 0.824 | 0.726 |
| AUD | 1.110 | 1.036 | 1.222 | 1.119 |
| INR | 61.021 | 58.510 | 63.035 | 61.922 |
| CAD | 1.104 | 1.030 | 1.160 | 1.064 |

### (ii) 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 | |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | 2014 | 2013 | 2014 | 2013 |
| GBP | 3,276 | 449 | (61,459) | (58,924) |
| EUR | 466 | 431 | 761 | 3,239 |
| AUD | (3) | (7) | 7,452 | 3,040 |
| INR | 291 | 967 | 3,478 | (7,350) |
| CAD | 549 | 598 | (7,800) | (10,803) |

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.

30 **Financial instruments (continued)**

(c) **Market risk (continued)**

(ii) **Interest rate risk**

(i) **Profile**

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

| | Carrying amount | |
|---|---|---|
| | 2014 | 2013 |
| | USD'000 | USD'000 |
| **Fixed rate instruments** | | |
| Financial assets | 9,204 | 10,207 |
| Financial liabilities (loans and borrowings) | (4,091,032) | (3,348,705) |
| Interest rate swaps hedging floating rate debt | (1,336,405) | (1,170,471) |
| | (5,418,233) | (4,508,969) |
| **Variable rate instruments** | | |
| Financial assets (short term deposits) | 3,281,606 | 2,151,205 |
| Financial liabilities (loans and borrowings) | (1,763,956) | (1,687,719) |
| Interest rate swaps | 1,336,405 | 1,170,471 |
| | 2,854,055 | 1,633,957 |

(ii) **Cash flow sensitivity analysis for variable rate instruments**

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

| | Consolidated statement of profit or loss | | Consolidated statement of other comprehensive income | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| **2014** | | | | |
| Variable rate instruments | 28,541 | (28,541) | - | - |
| Interest rate swaps | 1,670 | (1,670) | 13,364 | (13,364) |
| Cash flow sensitivity (net) | 30,211 | (30,211) | 13,364 | (13,364) |
| **2013** | | | | |
| Variable rate instruments | 16,340 | (16,340) | - | - |
| Interest rate swaps | 1,745 | (1,745) | 13,449 | (13,449) |
| Cash flow sensitivity (net) | 18,085 | (18,085) | 13,449 | (13,449) |

## 30 Financial instruments (continued)

### (c) Market risk (continued)

#### (iii) Equity price risk

The Group is not subject to significant exposure for equity price risk.

### (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:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| **Assets carried at fair value** | | | | |
| Available-for-sale financial assets | 60,811 | 60,811 | 52,716 | 52,716 |
| Derivative assets | 129 | 129 | 1,685 | 1,685 |
| | 60,940 | 60,940 | 54,401 | 54,401 |
| **Assets carried at amortised cost** | | | | |
| Held to maturity investments | 9,204 | 9,126 | 10,207 | 10,110 |
| Loans and receivables | 791,617 | 791,617 | 669,405 | 669,405 |
| Cash and cash equivalents | 3,723,073 | 3,723,073 | 2,572,470 | 2,572,470 |
| | 4,523,894 | 4,523,816 | 3,252,082 | 3,251,985 |
| **Liabilities carried at fair value** | | | | |
| Interest rate swaps used for hedging | (109,912) | (109,912) | (51,953) | (51,953) |
| Forward foreign currency contracts | (778) | (778) | (418) | (418) |
| Embedded derivative option | (233,232) | (262,168) | - | - |
| | (343,922) | (372,858) | (52,371) | (52,371) |
| **Liabilities carried at amortised cost** | | | | |
| Secured bank loans* | (1,209,942) | (1,209,942) | (1,258,822) | (1,258,822) |
| Mortgage debenture stocks | (2,220) | (1,295) | (2,355) | (2,458) |
| Unsecured bond issues | (3,241,454) | (3,600,996) | (3,239,277) | (3,378,952) |
| Convertible bond | (752,271) | (799,749) | - | - |
| Unsecured loan stock and other loans | (11,070) | (11,070) | (9,266) | (9,266) |
| Finance lease liabilities | (33,352) | (33,352) | (26,867) | (26,867) |
| Unsecured bank and other loans* | (604,679) | (604,679) | (498,430) | (498,430) |
| Trade and other payables | (1,194,827) | (1,194,827) | (1,200,037) | (1,200,037) |
| Bank overdraft | - | - | (1,407) | (1,407) |
| | (7,049,815) | (7,455,910) | (6,236,461) | (6,376,239) |

* A significant portion of these loans carry a variable rate of interest and hence, the fair values reported approximate carrying values.

## 30 Financial instruments (continued)

### (d) Fair values (continued)

**Fair value hierarchy**

The table below analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements. It doesn't include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

- 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)

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| **31 December 2014** | | | |
| Available-for-sale financial assets | 8,927 | 51,884 | - |
| Debt securities held to maturity | - | 9,126 | - |
| Derivative financial assets | - | 129 | - |
| Derivative financial liabilities | - | (110,690) | - |
| Embedded derivative in convertible bond* | - | (262,168) | - |
| Mortgage debenture stocks | - | (1,295) | - |
| Unsecured bond issues | (3,600,996) | - | - |
| Convertible bond | - | (799,749) | - |
| | (3,592,069) | (1,112,763) | - |
| | | | |
| 31 December 2013 | | | |
| Available-for-sale financial assets | - | 52,716 | - |
| Debt securities held to maturity | - | 10,110 | - |
| Derivative financial assets | - | 1,685 | - |
| Derivative financial liabilities | - | (52,371) | - |
| Mortgage debenture stocks | - | (2,458) | - |
| Unsecured bond issues | (3,378,952) | - | - |
| | (3,378,952) | 9,682 | - |

The fair values disclosed above is computed in line with the fair valuation accounting policy (also refer to note 5).

* The fair value of the embedded derivative liability of convertible bond has been calculated using a valuation model with market assumptions.

## 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:

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Within one year | 334,730 | 290,998 |
| Between one to five years | 1,192,415 | 1,115,598 |
| Between five to ten years | 1,351,756 | 1,254,322 |
| Between ten to twenty years | 1,730,306 | 1,499,439 |
| Between twenty to thirty years | 1,028,329 | 981,565 |
| Between thirty to fifty years | 1,162,777 | 1,198,978 |
| Between fifty to seventy years | 914,908 | 923,174 |
| More than seventy years | 937,781 | 983,526 |
| | 8,653,002 | 8,247,600 |

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, this also includes leases of plant, equipment and vehicles. In respect of terminal operating leases, contingent rent is payable based on revenues/ profits earned in the future period. The majority of leases contain renewable options for additional lease periods at rental rates based on negotiations or prevailing market rates.

**Operating lease commitments – Group as a lessor**

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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Within one year | 23,075 | 25,567 |
| Between one to five years | 49,081 | 68,817 |
| More than five years | 19,596 | 23,536 |
| | 91,752 | 117,920 |

The above operating leases (Group as a lessor) mainly consist of rental of property, plant and equipment 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

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Estimated capital expenditure contracted for as at 31 December | 698,258 | 788,972 |

## 33 Contingencies

(a) The Group has the following contingent liabilities at 31 December:

| | 2014 | 2013 |
|---|---|---|
| | USD'000 | USD'000 |
| Payment guarantees | 46,067 | 21,651 |
| Performance guarantees | 194,234 | 212,192 |
| Letters of credit | 10,075 | 1,590 |
| **Guarantees issued** on behalf of equity-accounted investees (refer to note 29) | **27,668** | **81,401** |

The bank guarantees and letters of credit are arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

(b) The Group through its 100% owned subsidiary Mundra International Container Terminal Private Limited ("MICT") has developed and is operating the container terminal at the Mundra port in Gujarat.

In 2006, MICT received a show cause notice from Gujarat Maritime Board ("GMB") requiring MICT to demonstrate that the undertaking given by its parent company, P&O Ports (Mundra) Private Limited, with regard to its shareholding in MICT has not been breached in view of P&O Ports being taken over by the Group (DP World).

Based on the strong merits of the case and on the advice received from legal counsel, management believes that the above litigation is unsubstantiated, and in management's view, it will have no impact on the Group's ability to continue to operate the port.

(c) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 18,962 thousand (2013: USD 19,303 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 10,131 thousand (2013: USD 10,313 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.

## 33 Contingencies (continued)

(d) On 8 July 2014, the Group was notified that the Office of the Inspector General of the Republic of Djibouti is investigating the awarding of the Doraleh Container Terminal (DCT) concession and had filed for arbitration before the London Court of International Arbitration. The Group rejects all the allegations made and will vigorously defend its position during the arbitration procedure. In order to maintain the operational status quo and to mitigate disruption at the terminal, the Group will continue to manage DCT in accordance with the terms of its concession agreement pending the determination of the arbitral tribunal.

## 34 Business combinations

(a) In June 2014, the Group acquired 100% interest in Dubai Trade FZE for a total consideration of USD 9,500 thousand (cash acquired on acquisition USD 7,498 thousand) from its Parent Company Port & Free Zone World FZE (also refer to note 29).

(b) In September 2014, DPW Group acquired 57% stake in Remolcadores de Puerto y Altura, S.A., a Spanish operator of offshore support vessels for the energy industry for USD 12,000 thousand (cash acquired on acquisition USD 445 thousand).

(c) In October 2014, DPW Group acquired 100% stake in World Security FZE, a provider of security services for a total consideration of USD 24,045 thousand (cash acquired on acquisition USD 5,571 thousand) from Istithmar World Ventures LLC (an entity owned by the ultimate Parent Company) (also refer to note 29).

## 35 Significant group entities

The extent of the Group's ownership in its various subsidiaries, associates and joint ventures 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 | Management and operation of seaports, airports and leasing of port equipment |
| Thunder FZE | 100% | United Arab Emirates | Holding company |
| Peninsular and Oriental Steam Navigation Company Limited | 100% | United Kingdom | Management and operation of seaports |
| DP World Australia (POSN) Pty Ltd | 100% | Australia | Holding company |
| DPI Terminals Asia Holding Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals (BVI) Limited | 100% | British Virgin Islands | Holding company |
| DP World Ports Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DP World Maritime Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DPI Terminals Holdings C.V. | 100% | Netherlands | Holding company |

## 35 Significant group entities (continued)

### (b) Significant subsidiaries – Ports

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Terminales Rio de la Plata SA | 55.62% | Argentina | Container terminal operations |
| DP World Antwerp N.V. | 100% | Belgium | Multi-purpose terminal operations and ancillary container services |
| DP World (Canada) Inc. | 100% | Canada | Container terminal operations and stevedoring |
| Egyptian Container Handling Company (ECHCO) –S.A.E. | 100% | Egypt | Container terminal operations |
| DP World Germersheim, GmbH and Co. KG | 100% | Germany | Container terminal operations |
| Chennai Container Terminal Private Limited | 100% | India | Container terminal operations |
| India Gateway Terminal Pvt. Ltd | 81.63% | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva International Container Terminal Private Limited | 100% | India | Container terminal operations |
| DP World Middle East Limited | 100% | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo SA | 60% | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | 75% | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | 100% | Peru | Container terminal operations |
| Doraleh Container Terminal SARL | 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 | 75% | Romania | Container terminal operations |

## 35 Significant group entities (continued)

### (b) Significant subsidiaries – Ports (continued)

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| DP World Dakar S.A. | 90% | Senegal | Container terminal operations |
| DP World Tarragona S.A. | 60% | Spain | 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 |
| Southampton Container Terminals Limited | 51% | United Kingdom | Container terminal operations |
| London Gateway Port Limited | 100% | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | 80% | Vietnam | Container terminal operations |

### (c) Associates and joint ventures – Ports

| | | | |
|---|---|---|---|
| Djazair Port World Spa | 50% | Algeria | Container terminal operations |
| DP World Djen Djen Spa | 50% | Algeria | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | 25% | Australia | Container terminal operations |
| Antwerp Gateway N.V | 42.50% | Belgium | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. | 33.33% | Brazil | Container terminal operations |
| Caucedo Investment Inc. | 50% | British Virgin Islands | Container terminal operations |
| Eurofos S.A.R.L | 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 |
| Vishaka Container Terminals Private Limited | 26% | India | Container terminal operations |
| PT Terminal Petikemas Surabaya | 49% | Indonesia | Container terminal operations |
| Pusan Newport Co. Ltd | 42.10% | Korea | Container terminal operations |
| Qingdao Qianwan Container Terminal Co. Ltd | 29% | People's Republic of China | Container terminal operations |

## 35 Significant group entities (continued)

### (c) Associates and joint ventures – Ports (continued)

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Tianjin Orient Container Terminals Co Ltd | 24.50% | People's Republic of China | Container terminal operations |
| Yantai International Container Terminals Ltd | 12.50% | People's Republic of China | Container terminal operations |
| Asian Terminals Inc | 50.54%** | Philippines | Container terminal operations |
| Laem Chabang International Terminal Co. Ltd | 34.50% | Thailand | Container terminal operations |

### (d) Other non-port business

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| P&O Maritime Services Pty Ltd | 100% | Australia | Maritime services |
| Container Rail Road Services Private Limited | 100% | India | Container rail freight operations |
| Empresa de Dragagem do Porto de Maputo, SA | 25.50% | Mozambique | Dredging services |
| Port Secure Djibouti | 40% | Republic of Djibouti | Port security services |
| DP World Cargo Services (Pty) Limited | 70% | South Africa | Cargo 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 |

## 35 Significant group entities (continued)

### (e) Ports under development

| Legal Name | Ownership interest | Country of incorporation | Principal |
|---|---|---|---|
| Nhava Sheva (India) Gateway Terminal Private Limited | 100% | India | Container terminal operations |
| Rotterdam World Gateway B.V. | 30% | Netherlands | Container terminal operations |
| DP World Yarımca Liman İşletmeleri Anonim Şirketi | 100% | Turkey | Container terminal operations |

* 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 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as a joint arrangement. The underlying joint venture agreement with the other shareholder does not provide significant control to the Group.

## 36 Subsequent event

On 16 March 2015, the Group completed the acquisition of Economic Zones World FZE ("EZW") (an entity owned by the ultimate Parent Company) for a total cash consideration of USD 2.6 billion (subject to certain adjustments).

# DP World Limited
# and its subsidiaries

## Consolidated financial statements

*31 December 2013*

# DP World Limited and its subsidiaries

## Consolidated financial statements

*31 December 2013*

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## Independent auditors' report

The Shareholders
DP World Limited

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of DP World ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income (comprising a separate consolidated income statement and a consolidated statement of comprehensive income), consolidated statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Independent auditors' report (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Listing Rules, we are required to review:

- the director's statement, set out on page [•], in relation to going concern;
- the part of the corporate governance statement on page [•] relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

KPMG LLP 20 MAR 2014

*KPMG LLP*

# DP World Limited and its subsidiaries

## Consolidated income statement

*for the year ended 31 December 2013*

| | Notes | Year ended 31 December 2013 | | | Year ended 31 December 2012 (Restated *) | | |
|---|---|---|---|---|---|---|---|
| | | Before separately disclosed items USD'000 | Separately disclosed items (Note 12) USD'000 | Total USD'000 | Before separately disclosed items USD'000 | Separately disclosed items (Note 12) USD'000 | Total USD'000 |
| Revenue | 8 | 3,073,248 | - | 3,073,248 | 3,121,017 | - | 3,121,017 |
| Cost of sales | | (1,849,087) | - | (1,849,087) | (2,003,318) | - | (2,003,318) |
| **Gross profit** | | 1,224,161 | - | 1,224,161 | 1,117,699 | - | 1,117,699 |
| General and administrative expenses | | (311,243) | (101,433) | (412,676) | (279,459) | (55,850) | (335,309) |
| Other income | | 21,458 | - | 21,458 | 21,643 | - | 21,643 |
| Profit on sale and termination of businesses | 12 | - | 158,188 | 158,188 | - | 237,204 | 237,204 |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | 16 | 84,366 | (4,305) | 80,061 | 133,897 | 20,710 | 154,607 |
| **Results from operating activities** | | 1,018,742 | 52,450 | 1,071,192 | 993,780 | 202,064 | 1,195,844 |
| Finance income | 10 | 84,493 | - | 84,493 | 75,211 | - | 75,211 |
| Finance costs | 10 | (369,439) | - | (369,439) | (371,229) | (10,373) | (381,602) |
| **Net finance costs** | | (284,946) | - | (284,946) | (296,018) | (10,373) | (306,391) |
| **Profit before tax** | | 733,796 | 52,450 | 786,246 | 697,762 | 191,691 | 889,453 |
| Income tax expense | 11 | (59,558) | (4,900) | (64,458) | (72,954) | - | (72,954) |
| **Profit for the year** | 9 | 674,238 | 47,550 | 721,788 | 624,808 | 191,691 | 816,499 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | 604,421 | 35,215 | 639,636 | 545,182 | 193,216 | 738,398 |
| Non-controlling interests | | 69,817 | 12,335 | 82,152 | 79,626 | (1,525) | 78,101 |
| | | 674,238 | 47,550 | 721,788 | 624,808 | 191,691 | 816,499 |
| **Earnings per share** | | | | | | | |
| Basic and diluted earnings per share – US cents | 24 | | | 77.06 | | | 88.96 |

* Refer to note 3 (f).

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

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of comprehensive income

*for the year ended 31 December 2013*

| | Notes | 2013 USD'000 | 2012 USD'000 (Restated *) |
|---|---|---|---|
| **Profit for the year** | | **721,788** | 816,499 |
| **Other comprehensive income** | | | |
| ***Items that are or may be reclassified subsequently to consolidated income statement:*** | | | |
| Foreign exchange translation differences for foreign operations ** | | **(133,211)** | 104,135 |
| Foreign exchange profit recycled to consolidated income statement on sale of businesses | | **(4,316)** | (2,131) |
| Net change in cash flow hedges recycled to consolidated income statement | | **-** | 10,373 |
| Net change in fair value of available-for-sale financial assets | *17* | **3,160** | (132) |
| Share in other comprehensive income of equity-accounted investees | | **17,772** | (8,686) |
| Effective portion of net changes in fair value of cash flow hedges | | **96,743** | (24,768) |
| Related tax on fair value of cash flow hedges | | **(18,863)** | 10,444 |
| ***Items that will never be reclassified to consolidated income statement:*** | | | |
| Remeasurements of post-employment benefit obligations | *26* | **38,880** | (30,769) |
| Related tax | | **(1,480)** | 500 |
| **Other comprehensive income for the year, net of income tax** | | **(1,315)** | 58,966 |
| **Total comprehensive income for the year** | | **720,473** | 875,465 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **628,586** | 797,454 |
| Non-controlling interests | | **91,887** | 78,011 |
| | | **720,473** | 875,465 |

* Refer to note 3 (f).

** 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 on Group consolidation are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is currently pegged to the presentation currency (refer to note 2(d)).

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

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of financial position

*as at 31 December 2013*

| | Notes | 31 December 2013 USD'000 | 31 December 2012 USD'000 (Restated *) | 1 January 2012 USD'000 (Restated *) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | *13* | **6,069,785** | 5,413,262 | 5,124,120 |
| Goodwill | *14* | **1,532,238** | 1,588,918 | 1,607,655 |
| Port concession rights | *14* | **2,904,481** | 3,115,084 | 3,223,958 |
| Investment in equity-accounted investees | *16* | **2,700,703** | 3,348,317 | 3,451,264 |
| Deferred tax assets | *11* | **4,393** | 2,724 | 360 |
| Other investments | *17* | **62,923** | 60,833 | 73,193 |
| Accounts receivable and prepayments | *18* | **181,110** | 263,428 | 260,114 |
| **Total non-current assets** | | **13,455,633** | 13,792,566 | 13,740,664 |
| **Current assets** | | | | |
| Inventories | | **51,717** | 53,283 | 54,979 |
| Accounts receivable and prepayments | *18* | **680,694** | 609,422 | 627,297 |
| Bank balances and cash | *19* | **2,572,470** | 1,881,928 | 4,159,364 |
| Assets held for sale | | **-** | - | 77,706 |
| **Total current assets** | | **3,304,881** | 2,544,633 | 4,919,346 |
| **Total assets** | | **16,760,514** | 16,337,199 | 18,660,010 |

* Refer to note 3 (f).

# DP World Limited and its subsidiaries

## Consolidated statement of financial position (continued)

*as at 31 December 2013*

| | Notes | 31 December 2013 USD'000 | 31 December 2012 USD'000 (Restated *) | 1 January 2012 USD'000 (Restated *) |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 20 | **1,660,000** | 1,660,000 | 1,660,000 |
| Share premium | 21 | **2,472,655** | 2,472,655 | 2,472,655 |
| Shareholders' reserve | 21 | **2,000,000** | 2,000,000 | 2,000,000 |
| Retained earnings | | **3,408,504** | 2,968,068 | 2,408,803 |
| Hedging and other reserves | 21 | **(31,384)** | (122,229) | (104,408) |
| Actuarial reserve | 21 | **(343,269)** | (379,171) | (352,402) |
| Translation reserve | 21 | **(620,706)** | (482,909) | (586,555) |
| **Total equity attributable to equity holders of the Company** | | **8,545,800** | 8,116,414 | 7,498,093 |
| **Non-controlling interests** | 22 | **475,741** | 663,993 | 765,013 |
| **Total equity** | | **9,021,541** | 8,780,407 | 8,263,106 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 11 | **935,586** | 967,902 | 977,503 |
| Employees' end of service benefits | 25 | **61,740** | 55,747 | 49,393 |
| Pension and post-employment benefits | 26 | **169,778** | 223,234 | 194,111 |
| Interest bearing loans and borrowings | 27 | **4,776,690** | 4,049,621 | 4,563,309 |
| Accounts payable and accruals | 28 | **281,246** | 504,755 | 467,240 |
| **Total non-current liabilities** | | **6,225,040** | 5,801,259 | 6,251,556 |
| **Current liabilities** | | | | |
| Income tax liabilities | 11 | **210,347** | 186,586 | 172,862 |
| Bank overdrafts | 19 | **1,407** | 195 | 1,017 |
| Pension and post-employment benefits | 26 | **10,068** | 11,845 | 12,621 |
| Interest bearing loans and borrowings | 27 | **258,327** | 702,835 | 3,178,446 |
| Accounts payable and accruals | 28 | **1,033,784** | 854,072 | 780,402 |
| **Total current liabilities** | | **1,513,933** | 1,755,533 | 4,145,348 |
| **Total liabilities** | | **7,738,973** | 7,556,792 | 10,396,904 |
| **Total equity and liabilities** | | **16,760,514** | 16,337,199 | 18,660,010 |

* Refer to note 3 (f).

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 2014.

Mohammed Sharaf
Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of changes in equity

*for the year ended 31 December 2013*

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital USD'000 | Share premium USD'000 | Shareholders' reserve USD'000 | Retained earnings USD'000 | Hedging and other reserves USD'000 | Actuarial reserve USD'000 | Translation reserve USD'000 | Total USD'000 | Non-controlling interests USD'000 | Total equity USD'000 |
| **Balance as at 1 January 2013 (Restated *)** | 1,660,000 | 2,472,655 | 2,000,000 | 2,968,068 | (122,229) | (379,171) | (482,909) | 8,116,414 | 663,993 | 8,780,407 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Profit for the year | - | - | - | 639,636 | - | - | - | 639,636 | 82,152 | 721,788 |
| Total other comprehensive income, net of income tax | - | - | - | - | 90,845 | 35,902 | (137,797) | (11,050) | 9,735 | (1,315) |
| **Total comprehensive income for the year** | - | - | - | 639,636 | 90,845 | 35,902 | (137,797) | 628,586 | 91,887 | 720,473 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| Dividends paid (refer to note 23) | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| **Total transactions with owners** | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| **Transactions with non-controlling interests, recorded directly in equity** | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | - | (64,064) | (64,064) |
| Derecognition of non-controlling interests on loss of control in Asia Pacific and Indian subcontinent region | - | - | - | - | - | - | - | - | (216,075) | (216,075) |
| **Total transactions with non-controlling interests** | - | - | - | - | - | - | - | - | (280,139) | (280,139) |
| **Balance as at 31 December 2013** | 1,660,000 | 2,472,655 | 2,000,000 | 3,408,504 | (31,384) | (343,269) | (620,706) | 8,545,800 | 475,741 | 9,021,541 |

* Refer to note 3 (f).

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

The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of changes in equity (continued)

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital USD'000 | Share premium USD'000 | Shareholders' reserve USD'000 | Retained earnings USD'000 | Hedging and other reserves USD'000 | Actuarial reserve USD'000 | Translation reserve USD'000 | Total USD'000 | Non-controlling interests USD'000 | Total equity USD'000 |
| Balance as at 1 January 2012 (Restated *) | 1,660,000 | 2,472,655 | 2,000,000 | 2,367,164 | (104,408) | (352,402) | (586,555) | 7,456,454 | 765,013 | 8,221,467 |
| Impact of IAS 19 amendment (refer to note 3(f)) | - | - | - | 41,639 | - | - | - | 41,639 | - | 41,639 |
| Balance as at 1 January 2012 (Restated –refer to note 3(f)) | 1,660,000 | 2,472,655 | 2,000,000 | 2,408,803 | (104,408) | (352,402) | (586,555) | 7,498,093 | 765,013 | 8,263,106 |
| Total comprehensive income for the year | | | | | | | | | | |
| Profit for the year | - | - | - | 738,398 | - | - | - | 738,398 | 78,101 | 816,499 |
| Total other comprehensive income, net of income tax | - | - | - | - | (17,821) | (26,769) | 103,646 | 59,056 | (90) | 58,966 |
| Total comprehensive income for the year | - | - | - | 738,398 | (17,821) | (26,769) | 103,646 | 797,454 | 78,011 | 875,465 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Dividends paid (refer to note 23) | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| Total transactions with owners | - | - | - | (199,200) | - | - | - | (199,200) | - | (199,200) |
| Changes in ownership interests in subsidiaries | | | | | | | | | | |
| Acquisition of non-controlling interests without change in control ** | - | - | - | 20,067 | - | - | - | 20,067 | (66,457) | (46,390) |
| Transactions with non-controlling interests, recorded directly in equity | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | - | (90,050) | (90,050) |
| Derecognition of non-controlling interests on monetisation of investment in subsidiaries | - | - | - | - | - | - | - | - | (22,524) | (22,524) |
| Total transactions with non-controlling interests | - | - | - | 20,067 | - | - | - | 20,067 | (179,031) | (158,964) |
| Balance as at 31 December 2012 | 1,660,000 | 2,472,655 | 2,000,000 | 2,968,068 | (122,229) | (379,171) | (482,909) | 8,116,414 | 663,993 | 8,780,407 |

* Refer to note 3 (f).

** This mainly includes acquisition of remaining 10% interest in a subsidiary in Middle East, Europe and Africa Region for a consideration of USD 46,390 thousand resulting in a gain on acquisition of USD 20,067 thousand.

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements. The independent auditors' report is set out on pages 1 and 2.

# DP World Limited and its subsidiaries

## Consolidated statement of cash flows

*for the year ended 31 December 2013*

| | Notes | 2013 USD'000 | 2012 USD'000 (Restated *) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 721,788 | 816,499 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 9 | 395,499 | 410,632 |
| Impairment | 9 | 99,153 | 49,900 |
| Share of profit from equity-accounted investees (net of tax) | | (80,061) | (154,607) |
| Finance costs | 10 | 369,439 | 381,602 |
| (Gain)/ loss on sale of property, plant and equipment and port concession rights | | (6,571) | 1,490 |
| Profit on sale and termination of businesses (net of tax) | | (158,188) | (237,204) |
| Finance income | 10 | (84,493) | (75,211) |
| Income tax expense | 11 | 64,458 | 72,954 |
| **Gross cash flows from operations** | | 1,321,024 | 1,266,055 |
| Change in inventories | | 2,110 | 1,641 |
| Change in accounts receivable and prepayments | | (88,153) | 25,036 |
| Change in accounts payable and accruals | | 59,033 | 47,141 |
| Change in provisions, pensions and post-employment benefits | | 4,674 | (33,672) |
| **Cash generated from operating activities** | | 1,298,688 | 1,306,201 |
| Income taxes paid | | (86,955) | (74,856) |
| **Net cash from operating activities** | | 1,211,733 | 1,231,345 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | 13 | (1,025,530) | (641,934) |
| Additions to port concession rights | 14 | (37,892) | (43,017) |
| Proceeds from disposal of property, plant and equipment and port concession rights | | 10,103 | 17,744 |
| Net proceeds from monetisation of investment in subsidiaries and equity-accounted investees | | 658,685 | 436,052 |
| Cash outflow on acquisition of non-controlling interests without change in control | | - | (46,390) |
| Receipt of deferred consideration on disposal of equity-accounted investees | | 16,140 | - |
| Interest received | | 43,103 | 77,594 |
| Dividends received from equity-accounted investees | | 94,523 | 197,839 |
| Additional investment in equity-accounted investees | | (38,256) | (15,283) |
| Net loan repaid by/ (advanced to) equity-accounted investees | | 68,323 | (500) |
| Return of capital from equity-accounted investees | | - | 28,244 |
| Return of capital from other investments | | - | 12,228 |
| **Net cash (used in)/ from investing activities** | | (210,801) | 22,577 |

* Refer to note 3 (f).

# DP World Limited and its subsidiaries

## Consolidated statement of cash flows (continued)

*for the year ended 31 December 2013*

| | Notes | 2013 USD'000 | 2012 USD'000 (Restated *) |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | | (633,090) | (3,204,428) |
| Drawdown of interest bearing loans and borrowings | | 912,987 | 241,411 |
| Interest paid | | (320,947) | (292,575) |
| Dividend paid to the owners of the Company | | (199,200) | (199,200) |
| Dividends paid to non-controlling interests | | (64,064) | (90,050) |
| **Net cash used in financing activities** | | (304,314) | (3,544,842) |
| **Net increase/ (decrease) in cash and cash equivalents** | | 696,618 | (2,290,920) |
| Cash and cash equivalents as at 1 January | | 1,881,733 | 4,158,347 |
| Effect of exchange rate fluctuations on cash held | | (7,288) | 14,306 |
| **Cash and cash equivalents as at 31 December** | *19* | 2,571,063 | 1,881,733 |
| *Cash and cash equivalents comprise the following:* | | | |
| Bank balances and cash | | 2,572,470 | 1,881,928 |
| Bank overdrafts | | (1,407) | (195) |
| Cash and cash equivalents | | 2,571,063 | 1,881,733 |

* Refer to note 3 (f).

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

The independent auditors' report is set out on pages 1 and 2.

## 1 Reporting entity

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 of the Company for the year ended 31 December 2013 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 international marine terminal operations and development, logistics and related services.

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.

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

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Board of Directors on 20 March 2014.

### (b) Basis of measurement

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

The methods used to measure fair values are discussed further in note 5.

### (c) Funding and liquidity

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Operating and Financial Review. In addition, note 6 sets out the Group's objectives, policies and processes for managing the Group's financial risk including capital management and note 30 provides quantitative details of the Group's exposure to credit risk, liquidity risk and interest rate risk from financial instruments.

The Board of Directors remain satisfied with the Group's funding and liquidity position. At 31 December 2013, the Group has a net debt of USD 2,463,954 thousand (2012: USD 2,870,723 thousand). The Group's credit facility covenants are currently well within the covenant limits. The Group generated gross cash of USD 1,321,024 thousand (2012: USD 1,266,055 thousand) from operating activities and its interest cover for the year is 5 times (2012: 4.7 times) (calculated using adjusted EBITDA and net finance cost before separately disclosed items).

Based on the above, the Board of Directors have concluded that the going concern basis of preparation continues to be appropriate.

## 2 Basis of preparation (continued)

### (d) Functional and presentation currency

The functional currency of the Company is UAE Dirhams. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

These consolidated financial statements are presented in United States Dollars ("USD"), which in the opinion of management is the most appropriate presentation currency of the company in view of the global presence of the Group. All financial information presented in USD is rounded to the nearest thousand.

UAE Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

### (e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### (i) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

*(a) Provision for income taxes and deferred tax*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax payments based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management 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.

*(b) Impairment of available-for-sale financial assets*

Available-for-sale financial assets are impaired when objective evidence of impairment exists. A significant or prolonged decline in the fair value of an 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.

## 2 Basis of preparation (continued)

### (e) Use of estimates and judgements (continued)

#### (i) Judgements (continued)

*(c) Fair value of financial instruments*

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as market risk, credit risk and volatility.

*(d) Contingent liabilities*

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

#### (ii) Estimates

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment within the next financial year are as follows:

*(a) Useful life of property, plant and equipment and port concession rights with finite life*

The useful life of property, plant and equipment and port concession rights with finite life is determined by the Group's management based on their estimate of the period over which an asset or port concession right is expected to be available for use by the Group. This estimate is reviewed and adjusted if appropriate at each financial year end. This may result in a change in the useful economic lives and therefore depreciation and amortisation expense in future periods.

*(b) Impairment testing of goodwill and port concession rights*

The Group determines whether goodwill and port concession rights with indefinite life are impaired, at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated or in which the port concession rights with indefinite life exist. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

*(c) Impairment of accounts receivable*

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected, will be recognised in the consolidated income statement.

*(d) Pension and post-employment benefits*

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## 2 Basis of preparation (continued)

### (e) Use of estimates and judgements (continued)

#### (ii) Estimates (continued)

*(e) Business combinations*

In accounting for business combinations, judgement is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired and liabilities assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the management. Changes in these judgements, estimates and assumptions can materially affect the results of operations.

## 3 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. *IFRS 10 Consolidated Financial Statements (2011)*
b. *IFRS 11 Joint Arrangements*
c. *IFRS 12 Disclosure of Interests in Other Entities*
d. *IFRS 13 Fair Value Measurement*
e. *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*
f. *IAS 19 Employee Benefits (2011)*

The nature and effects of the changes are explained below:

**(a) Subsidiaries**
As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013 resulting in no change.

**(b) Joint arrangements**
As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to assets, and obligations for liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has concluded that there are no joint operations.

## 3 Changes in accounting policies (continued)

### (c) Disclosure of interests in other entities

As a result of IFRS 12, the Group has expanded its disclosures about its interests in equity-accounted investees and non-controlling interests (see Note 16, 22 and 34).

### (d) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard (see Note 30).

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

### (e) Presentation of items of Other Comprehensive Income (OCI)

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its consolidated statement of comprehensive income, to present separately items that would be reclassified to consolidated income statement from those that would never be. Comparative information has been re-presented accordingly.

### (f) Post-employment defined benefit plans

*IAS 19 Revised (2011) – Employee Benefits* - includes a number of amendments to the accounting for defined benefit plans. The following changes have had an impact on the Group:

- Expected returns on plan assets are no longer recognised in profit or loss. Net interest is recognised in profit or loss, calculated using the discount rate used to measure the net defined benefit liability. The difference between the actual return on plan assets and the interest income is recognised as a re-measurement in other comprehensive income.

- Administration costs are recognised in profit or loss and no longer being taken into account in measuring the defined benefit obligation.

- Unvested past service costs can no longer be deferred and recognised over the future vesting period. Instead, all past service costs are recognised at the earlier of when the amendment occurs and when the Group recognises related restructuring or termination costs. (Until 2012, the Group's past service costs were recognised as an expense on a straight-line basis over the average period until the benefits become vested).

Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

## 3 Changes in accounting policies (continued)

**Post-employment defined benefit plans (continued)**

The effect of the adoption of IAS 19R is explained below:

| | **As at 31 December 2013 USD'000** | As at 31 December 2012 USD'000 | As at 1 January 2012 USD'000 |
|---|---|---|---|
| **Impact on statement of financial position:** | | | |
| Decrease in pension and post-employment benefits –refer to note (a) below | **49,274** | 50,562 | 41,639 |
| Increase in actuarial reserve | **25,107** | 19,131 | - |
| Increase in retained earnings | **24,167** | 31,431 | 41,639 |

| | **For the year ended 31 December 2013 USD'000** | For the year ended 31 December 2012 USD'000 |
|---|---|---|
| **Impact on income statement:** | | |
| Increase in cost of sales | **413** | 512 |
| Increase in general and administrative expenses –refer to note (b) below | **2,502** | 2,559 |
| Increase in finance costs – see note (c) below | 7,017 | 7,137 |
| Total impact on income statement | **9,932** | 10,208 |
| **Impact on other comprehensive income** | **25,107** | 19,131 |

(a) The transition to revised IAS 19 resulted in a reduction of net defined benefit plan obligations due to the administration costs being taken to the consolidated income statement each year rather than being reserved as part of the discounted obligation.

(b) Certain pension administration costs are directly recognised in consolidated income statement as per revised IAS 19.

(c) The interest expense/ (income) under IAS 19R is calculated as net interest based on the discount rate that is used to measure the net defined benefit liability. Expected returns on plan assets are no longer recognised in profit or loss. These changes in the standard give rise to an adjustment in profit and loss with a corresponding impact in actuarial reserve.

The segment information has accordingly been adjusted based on the above restatements (refer to note 7).

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently in the year presented in these consolidated financial statements and have been applied consistently by the Group entities.

### (a) Basis of consolidation

#### *(i) Business combinations*

Except for transactions involving entities under common control, where the provisions of IFRS 3, '*Business Combinations*' are not applicable, business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets (including previously unrecognised port concession rights) acquired and liabilities (including contingent liabilities and excluding future restructuring) assumed.

In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated income statement.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated income statement.

## 4 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### *(ii) 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, which is generally at fair value.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so, causes the non-controlling interests to have a debit balance.

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) 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

#### *(iv) Loss of control*

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### *(v) Structured entities*

The Group has established DP World Sukuk 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.

A SE is consolidated based on an evaluation of the substance of its relationship with the Group and its risks and rewards. The SE was established by the Group under the terms that impose strict limitations on the decision-making powers of the SE's management thereby resulting into majority of the benefits related to the SE's operations and net assets being received by the Group. Consequently, the Group is also exposed 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. Therefore, Group concludes that it controls the SE. Refer to accounting policy on non-derivative financial liabilities in note 4 (c) (ii).

## 4 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its individual liabilities.

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. The consolidated financial statements include the Group's share of the income and expenses of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the equity-accounted investees subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the equity-accounted investees are prepared for the same reporting period as the Group. The transactions between the Group and its equity-accounted investees are made at normal market prices.

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

Upon loss of joint control or significant influence, the Group measures and recognises any retained investment at its fair value. The difference between the carrying amount of the equity–accounted investees upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised as profit or loss in the consolidated income statement.

#### *(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.

## 4 Significant accounting policies (continued)

### (b) Foreign currency

#### *(i) Foreign currency transactions*

These consolidated financial statements are presented in USD, which is the Group's presentation currency. Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at historical cost are translated to the functional currency using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation of monetary items are recognised in the consolidated income statement, except for differences arising on the retranslation of available-for-sale equity instruments, of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in consolidated statement of other comprehensive income (refer to note 4(b)(iii)).

#### *(ii) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at rates approximating to the foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised in the consolidated statement of other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is not a wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in consolidated statement of other comprehensive income and presented in the translation reserve in equity.

## 4 Significant accounting policies (continued)

### (b) Foreign currency (continued)

#### *(iii) Hedge of a net investment in a foreign operation*

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. To the extent that the hedge is ineffective, such differences are recognised in the consolidated income statement. When the hedged net investment is disposed of, the associated cumulative amount in consolidated statement of other comprehensive income is transferred to the consolidated income statement as part of the gain or loss on disposal.

### (c) Financial instruments

#### *(i) Non-derivative financial assets*

**Initial recognition and 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 initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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.

**Subsequent measurement**

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

***Held to maturity financial assets***

If the Group has a positive intent and ability to hold debt securities to maturity, then these are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the consolidated income statement. Gains and losses are also recognised in the consolidated income statement when these financial assets are derecognised.

***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise bank balances and cash, due from related parties and, trade and other receivables.

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *(i) Non-derivative financial assets (continued)*

*Bank balances and cash*
Bank balances and cash in the consolidated statement of financial position comprise cash in hand, bank balances and deposits.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above and cash classified as held for sale, net of bank overdrafts. Bank overdrafts form an integral part of the Group's cash management and is included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

***Available-for-sale investments***

Available-for-sale financial assets comprise equity securities. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in the consolidated statement of other comprehensive income and presented in the other reserves in equity. When an investment is derecognised, the balance accumulated in equity is reclassified to the consolidated income statement.

**De-recognition of non-derivative financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

#### *(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. The Group determines the classification of its financial liabilities at initial recognition.

All non-derivative financial liabilities are recognised initially at fair value and in the case of other financial liabilities net of directly attributable transaction costs.

The Group initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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.

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *(ii) Non -derivative financial liabilities (continued)*

**Subsequent measurement**

The subsequent measurement of non-derivative financial liabilities depends on their classification as follows:

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statement.

A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in the consolidated income statement. If discounted present value of the cash flows (including any fees paid) under a new term arrangement is at least 10% different from the discounted present value of the remaining cash flows of the original liability, this is accounted for as an extinguishment of the old liability and the recognition of a new liability. Furthermore, qualitative assessment to assess extinguishment is also performed. Some of the factors considered in performing a qualitative assessment include change in interest basis, extension of debt tenure, change in collateral arrangements and change in currency of lending.

**De-recognition of non-derivative financial liabilities**

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 foreign currency and interest rate risk exposures. 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 objective 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. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within the acceptable range.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated income statement when incurred. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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.

## 4 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *(iii) Derivative financial instruments (continued)*

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

*Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment that could affect the consolidated income statement, then such hedges are classified as cash flow hedges.

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 income statement.

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 income statement in the same period that the hedged item affects the consolidated income statement. 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.

#### *(iv) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to set off on a net basis, or to realise the assets and settle the liability simultaneously.

### (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 4(i)).

Cost includes expenditures that are 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.

## 4 Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

#### *(i) Recognition and measurement (continued)*

Borrowing costs that are directly attributable to acquisition and construction of a qualifying asset are included in the cost of that asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised within 'other income' in the consolidated income statement.

***Capital work-in-progress***

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. The expenditure is also capitalised under port concession rights due to the application of IFRIC 12 '*Service Concession Arrangements*'.

Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On an average, the Group incurs such expenditure every 10 years. At the completion of maintenance dredging, the channel has an average service potential of 10 years. Any unamortised expense is written-off on the commencement of any new dredging activities. 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. The carrying amounts of the replaced parts are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated income statement as incurred.

#### *(iii) Depreciation*

Depreciation is recognised in the consolidated income statement 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.

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on freehold land.

## 4 Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

*(iii) Depreciation (continued)*

The estimated useful lives of assets are as follows:

| Assets | Useful life (years) |
|---|---|
| Buildings | 5 – 50 |
| Plant and equipment | 3 – 25 |
| Ships | 10 – 35 |
| Dredging (included in land and buildings) | 10 – 99 |

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

### (e) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. 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. In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated income statement.

***Subsequent measurement***
Goodwill is measured at cost less accumulated impairment losses (refer to note 4(i)).

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.

### (f) 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 associates and joint ventures). 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. Other port concession rights acquired separately are measured on initial recognition at cost.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 4(i)). Internally generated port concession rights, excluding capitalised development costs, are recognised in the consolidated income statement as incurred. The useful lives of port concession rights are assessed to be either finite or indefinite.

## 4 Significant accounting policies (continued)

### (f) Port concession rights (continued)

#### *(i) Port concession rights arising on business combinations (continued)*

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. 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.

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 income statement on a straight line basis.

Port concession rights with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such port concession rights are not amortised. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor 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 income statement when the asset is de-recognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to associates and joint ventures).

### (g) Inventories

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

## 4 Significant accounting policies (continued)

### (h) 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. Assets held under operating leases are not recognised in the Group's consolidated statement of financial position. Payments made under operating leases are recognised in the consolidated income statement 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.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease. On initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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*

A series of leasing and sub-leasing transactions between the Group and third parties, which are closely interrelated, negotiated as a single transaction, and which take place concurrently or in a continuous sequence are considered linked and accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole.

These 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 income statement based on its economic substance. Under these leasing and sub-leasing transactions, current and non-current liabilities have been decreased by the loan receivable and the placement of deposits. Those liabilities, receivables and deposits (and income and charges arising therefrom) are netted off in the consolidated financial statements, in order to reflect the overall commercial effect of the arrangement.

## 4 Significant accounting policies (continued)

### (h) Leases (continued)

*(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. The existence of a significant exposure of the lessor to performance of the asset through contingent rentals was a basis of concluding that substantially all the risks and rewards of ownership have not passed.

### (i) Impairment

*(i) Financial assets*

*(a) 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. Impairment losses are recognised in the consolidated income statement and reflected in an allowance account against loans and receivables or held to maturity investments. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated income statement.

*(b) Available-for-sale financial assets*

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. A significant or prolonged decline in the fair value of an equity investment is considered as an 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.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the other reserve in equity to the consolidated income statement. The cumulative loss that is reclassified from equity to the consolidated income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in consolidated statement of other comprehensive income.

*(ii) 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. 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

## 4 Significant accounting policies (continued)

### (i) Impairment (continued)

#### *(ii) Non-financial assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. 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.

For goodwill and port concession rights that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually and when circumstances indicate that carrying value may be impaired. Goodwill acquired in business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, 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.

### (j) Assets held for sale

Assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment loss.

Port concession rights and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

### (k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Any excess payment received over par value is treated as share premium.

## 4 Significant accounting policies (continued)

### (l) Employee benefits

#### *(i) Pension and post-employment benefits*

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 assets is deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

When the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Where the present value of the deficit contributions exceeds the IAS 19 deficit an additional liability is recognised.

Re-measurements of the net defined benefit liability, which comprise of 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 consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan 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. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 income statement as they fall due.

## 4 Significant accounting policies (continued)

### (l) Employee benefits (continued)

#### *(ii) Long-term service benefits*

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

#### *(iii) 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.

### (m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at 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 income statement.

Provision for an onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

### (n) 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 and other containerized revenue. 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:

#### *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.

#### *Service concession arrangements (IFRIC 12)*

Revenues relating to construction contracts which are entered into with local 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.

## 4 Significant accounting policies (continued)

### (o) Finance income and expense

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the consolidated income statement. 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 income statement.

Finance income and expense also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 4(b)(i)).

### (p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated income statement 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.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences arising on the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- the temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

## 4 Significant accounting policies (continued)

### (q) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement and consolidated statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated income statement and disclosed in the notes to the consolidated financial statements.

### (r) Earnings per share

The Group presents basic earnings per share ("EPS") data 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.

### (s) Segment reporting

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets (primarily Company's head office), head office expenses and income tax assets and liabilities.

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

### (t) Separately disclosed items

The Group presents, as separately disclosed items on the face of the consolidated income statement, 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.

### (u) New standard and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2013, 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.

## 4 Significant accounting policies (continued)

### (u) New standard and interpretation not yet effective (continued)

*IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)*

- IFRS 9(2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9(2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9(2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

  IFRS 9(2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The adoption of these standards is not expected to have any significant impact on the Group's financial statements.

## 5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*(i) Property, plant and equipment*

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

*(ii) Port concession rights*

Port concession rights acquired in a business combination are accounted at their fair values. The fair value is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

*(iii) Investments in debt securities and available-for-sale financial assets*

The fair values of equity and debt securities are determined by reference to their quoted closing bid price at the reporting date. The fair value of the unquoted infrastructure investment fund classified as available-for-sale is based on the independent valuation of the fund. The fair value of debt securities held to maturity is determined based on the discounted cash flows at a market related discount rate. The fair value of debt securities held to maturity is determined for disclosure purposes only.

*(iv) Trade and other receivables/ payables*

The fair value of trade and other receivables and trade and other payables approximates to the carrying values due to the short term maturity of these instruments.

## 5 Determination of fair values (continued)

### *(v) Derivatives*

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.

### *(vi) Non-derivative financial liabilities*

Fair value for quoted bonds is based on their market price 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.

The fair value of bank balances and cash and bank overdrafts approximates to the carrying value due to the short term maturity of these instruments.

## 6 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. Further quantitative disclosures are included throughout these consolidated financial statements. Also refer to note 30 for further details.

**Risk management framework**

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

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

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

## 6 Financial risk management (continued)

**Risk management framework (continued)**

***(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 associates and joint ventures 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.

***(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 when 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.

## 6 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 buys and sells derivatives and also incurs financial liabilities, 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 income statement.

### *(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 69 % (2012: 73%) 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.

### *(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 issued two fixed rate bonds, a 10 year Sukuk with a profit rate of 6.25% and a 30 year Medium Term Note with a coupon of 6.85% which collectively represents USD 3,231,337 thousand of the Group's outstanding debt as at the reporting date.

## 6 Financial risk management (continued)

### *(c) Market risk (continued)*

### *(ii) Interest rate risk (continued)*

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 2013, after taking into account the effect of interest rate swaps, approximately 90% (2012: 89%) of the Group's borrowings are at a fixed rate of interest.

**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:

| | 2013<br>**USD'000** | 2012<br>USD'000 |
|---|---|---|
| Total interest bearing loans and borrowings (refer to note 27) | **5,035,017** | 4,752,456 |
| Less: cash and cash equivalents (refer to note 19) | **(2,571,063)** | (1,881,733) |
| Total net debt | **2,463,954** | 2,870,723 |
| Total Equity | **9,021,541** | 8,780,407 |
| Adjusted EBITDA (restated) (refer to note 7) | **1,414,241** | 1,404,412 |
| Net finance cost before separately disclosed items | **284,946** | 296,018 |
| Net debt/ Equity | **0.27** | 0.33 |
| Net debt/ adjusted EBITDA | **1.74** | 2.04 |
| Interest cover before separately disclosed items | **5.0** | 4.7 |

## 7 Segment information

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors ('Chief Operating Decision Maker') based on the location of the Group's assets and liabilities. The Group has identified the following geographic areas as its basis of segmentation. The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

- 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 also reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment.

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

## 7 Segment information (continued)

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

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) |
| **(Including separately disclosed items)** | | | | | | | | | | | | |
| Revenue | 355,217 | 456,578 | 594,183 | 552,751 | 2,123,848 | 2,111,688 | - | - | - | - | 3,073,248 | 3,121,017 |
| Segment results from operations * | 267,980 | 217,755 | 125,061 | 109,330 | 782,004 | 955,186 | (168,311) | (159,381) | - | - | 1,006,734 | 1,122,890 |
| Finance income | - | - | - | - | - | - | 84,493 | 75,211 | - | - | 84,493 | 75,211 |
| Finance costs | - | - | - | - | - | - | (369,439) | (381,602) | - | - | (369,439) | (381,602) |
| Profit/ (loss) for the year | 267,980 | 217,755 | 125,061 | 109,330 | 782,004 | 955,186 | (453,257) | (465,772) | - | - | 721,788 | 816,499 |

* Segment results from operations comprise profit for the year before net finance cost.

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

## 7 Segment information (continued)

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) |
| Segment assets | 3,827,246 | 4,993,196 | 1,737,515 | 1,804,715 | 9,654,817 | 9,448,179 | 9,371,725 | 8,765,591 | (7,830,789) | (8,674,482) | 16,760,514 | 16,337,199 |
| Segment liabilities | 237,295 | 427,202 | 89,632 | 140,115 | 1,586,005 | 1,538,016 | 5,605,650 | 6,128,409 | (925,542) | (1,831,438) | 6,593,040 | 6,402,304 |
| Tax liabilities * | - | - | - | - | - | - | 1,145,933 | 1,154,488 | - | - | 1,145,933 | 1,154,488 |
| Total liabilities | 237,295 | 427,202 | 89,632 | 140,115 | 1,586,005 | 1,538,016 | 6,751,583 | 7,282,897 | (925,542) | (1,831,438) | 7,738,973 | 7,556,792 |
| Capital expenditure | 21,496 | 7,894 | 72,986 | 98,650 | 965,720 | 575,034 | 3,220 | 3,373 | - | - | 1,063,422 | 684,951 |
| Depreciation | 27,478 | 32,848 | 62,900 | 64,458 | 181,481 | 187,636 | 4,988 | 5,069 | - | - | 276,847 | 290,011 |
| Amortisation/ impairment | 75,365 | 57,781 | 11,995 | 48,675 | 130,445 | 64,065 | - | - | - | - | 217,805 | 170,521 |
| Share of profit of equity-accounted investees before separately disclosed items | 90,107 | 110,853 | (14,105) | (973) | 8,364 | 24,017 | - | - | - | - | 84,366 | 133,897 |
| Tax expense | - | - | - | - | - | - | 64,458 | 72,954 | - | - | 64,458 | 72,954 |

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

## 7 Segment information (continued)

**Earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA")**

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) | 2013 USD'000 | 2012 USD'000 (Restated) |
| Revenue before separately disclosed items | 355,217 | 456,578 | 594,183 | 552,751 | 2,123,848 | 2,111,688 | - | - | - | - | 3,073,248 | 3,121,017 |
| **Adjusted EBITDA** | 219,700 | 299,391 | 195,235 | 165,845 | 1,095,171 | 1,020,534 | (95,865) | (81,358) | - | - | 1,414,241 | 1,404,412 |
| Finance income | - | - | - | - | - | - | 84,493 | 75,211 | - | - | 84,493 | 75,211 |
| Finance costs | - | - | - | - | - | - | (369,439) | (371,229) | - | - | (369,439) | (371,229) |
| Tax expense | - | - | - | - | - | - | (59,558) | (72,954) | - | - | (59,558) | (72,954) |
| Depreciation and amortisation | (78,843) | (90,629) | (74,895) | (77,333) | (236,773) | (237,601) | (4,988) | (5,069) | - | - | (395,499) | (410,632) |
| Adjusted net profit/ (loss) for the year before separately disclosed items | 140,857 | 208,762 | 120,340 | 88,512 | 858,398 | 782,933 | (445,357) | (455,399) | - | - | 674,238 | 624,808 |
| Adjusted for separately disclosed items | 127,123 | 8,993 | 4,721 | 20,818 | (76,394) | 172,253 | (7,900) | (10,373) | - | - | 47,550 | 191,691 |
| **Profit/ (loss) for the year** | 267,980 | 217,755 | 125,061 | 109,330 | 782,004 | 955,186 | (453,257) | (465,772) | - | - | 721,788 | 816,499 |

## 8 Revenue

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| *Revenue consists of:* | | |
| Containerized stevedoring revenue | **1,396,510** | 1,366,200 |
| Containerized other revenue | **1,026,792** | 1,044,967 |
| Non-containerized revenue | **649,946** | 709,850 |
| | **3,073,248** | 3,121,017 |

The Group does not have any customer which contributes more than 10 per cent of the Group's total revenue.

## 9 Profit for the year (including separately disclosed items)

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| *Profit for the year is stated after charging the following costs:* | | |
| Staff costs | **610,768** | 646,846 |
| Depreciation and amortisation | **395,499** | 410,632 |
| Operating lease rentals | **352,513** | 384,521 |
| Impairment | **99,153** | 49,900 |

## 10 Finance income and costs (including separately disclosed items)

| | 2013 USD'000 | 2012 USD'000 (Restated) |
|---|---|---|
| **Finance income** | | |
| Interest income | **54,140** | 67,295 |
| Exchange gains | **30,353** | 6,688 |
| Other net financing income in respect of pension plans | **-** | 1,228 |
| | **84,493** | 75,211 |
| **Finance costs** | | |
| Interest expense | **(320,957)** | (350,222) |
| Exchange losses | **(40,279)** | (13,067) |
| Other net financing expense in respect of pension plans | **(8,203)** | (7,940) |
| **Finance costs before separately disclosed items** | (369,439) | (371,229) |
| Adjusted for separately disclosed items (refer to note 12) | - | (10,373) |
| **Finance costs after separately disclosed items** | **(369,439)** | (381,602) |
| **Net finance costs after separately disclosed items** | **(284,946)** | (306,391) |

## 11 Income tax

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

| | 2013 USD'000 | 2012 USD'000 (Restated) |
|---|---|---|
| **Current income tax expense** | | |
| Current year | **105,500** | 108,912 |
| Adjustment for prior periods | **(7,487)** | (20,738) |
| | **98,013** | 88,174 |
| **Deferred tax credits** | (33,555) | (15,220) |
| | **64,458** | 72,954 |
| Income tax expense | **59,558** | 72,954 |
| Tax on separately disclosed items | **4,900** | - |
| Total tax expenses | **64,458** | 72,954 |
| Share of income tax of equity-accounted investees | **18,577** | 38,189 |
| Total tax charge | **83,035** | 111,143 |
| **Current income tax receivable (included within accounts receivable and prepayments)** | **17,806** | 6,319 |
| **Current income tax liabilities** | **210,347** | 186,586 |

Current tax liabilities have been offset if certain criteria are met. Comparatives have been reclassified accordingly.

All tax items included within separately disclosed items are detailed in note 12.

The Group is not subject to income tax on its UAE operations. The tax expense relates to the tax payable on the profit earned by the overseas subsidiaries, associates and joint ventures 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 34.0% |
| Australia and Americas | 26.0% to 36.0% |
| Middle East, Europe and Africa | 0% to 34.0% |

## 11 Income tax (continued)

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

| | | 2013 USD'000 | 2012 USD'000 (Restated) |
|---|---|---|---|
| Net profit before tax | | **786,246** | 889,453 |
| Tax at the Group's domestic tax rate | | - | - |
| Higher income tax on foreign earnings | | **103,866** | 182,888 |
| Permanent differences including non-taxable income and non-deductible expenses | | **(47,101)** | (86,530) |
| Tax charge on equity-accounted investees | | **18,577** | 38,189 |
| Current year losses not recognised for deferred tax asset | | **39,828** | 31,785 |
| Brought forward losses utilised | | **(3,295)** | (32,691) |
| Deferred tax in respect of fair value adjustments | | **(46,818)** | (43,036) |
| Others | | **20,979** | 11,933 |
| **Tax expense before prior year adjustments** | | **86,036** | 102,538 |
| Tax (over)/ under provided in prior periods: | | | |
| -current tax | | **(7,487)** | (20,738) |
| -deferred tax | | **(414)** | 29,343 |
| **Total tax expense from operations** | | **78,135** | 111,143 |
| Adjustment for separately disclosed items | | **4,900** | - |
| **Total tax expenses** | **(A)** | **83,035** | 111,143 |
| Net profit before tax | | **786,246** | 889,453 |
| Adjustment for separately disclosed items | | **(52,450)** | (191,691) |
| Adjustment to share of income tax of equity-accounted investees | | **18,577** | 38,189 |
| **Adjusted profit before tax and before separately disclosed items** | **(B)** | **752,373** | 735,951 |
| **Effective tax rate before separately disclosed items** | **(A/B)** | **11.04%** | 15.10% |

**Unrecognised deferred tax assets**

Deferred tax is not recognised on trading losses of USD 617,982 thousand (2012: USD 486,771 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 on infrastructure projects. Under current legislation, USD 418,901 thousand (2012: USD 331,196 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax is also not recognised on capital and other losses of USD 338,378 thousand (2012: USD 288,722 thousand) due to the fact that their utilisation is uncertain.

## 11 Income tax (continued)

Movement in temporary differences during the year:

| | 1 January 2013 (Restated) USD'000 | Recognised in consolidated income statement USD'000 | Translation and other movements USD'000 | 31 December 2013 USD'000 |
|---|---|---|---|---|
| *Deferred tax liabilities* | | | | |
| Property, plant and equipment | 148,353 | (9,385) | (13,242) | **125,726** |
| Investment in equity-accounted investees | 32,959 | 2,843 | 2,944 | **38,746** |
| Fair value adjustment on acquisitions | 460,186 | (44,329) | (14,153) | **401,704** |
| Others | 429,433 | 4,357 | (2,182) | **431,608** |
| **Total before set off** | 1,070,931 | (46,514) | (26,633) | 997,784 |
| **Set off of tax** | (103,029) | | | **(62,198)** |
| **Net deferred tax liabilities** | 967,902 | | | **935,586** |
| *Deferred tax assets* | | | | |
| Property, plant and equipment | 3,738 | 679 | 144 | **4,561** |
| Pension and post-employment benefits | 10,103 | (908) | (2,764) | **6,431** |
| Financial instruments | 24,696 | 198 | (19,980) | **4,914** |
| Provisions | 5,282 | 536 | (1,741) | **4,077** |
| Tax value of losses carried forward recognised | 48,483 | (12,925) | (3,389) | **32,169** |
| Others | 13,451 | (539) | 1,527 | **14,439** |
| **Total before set off** | 105,753 | (12,959) | (26,203) | **66,591** |
| **Set off of tax** | (103,029) | | | **(62,198)** |
| **Net deferred tax assets** | 2,724 | | | **4,393** |

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

## 12 Separately disclosed items

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Restructuring costs | **(2,280)** | (5,950) |
| Impairment of assets | **(99,153)** | (49,900) |
| Share of (loss)/ profit of equity-accounted investees | **(4,305)** | 20,710 |
| Profit on sale and termination of businesses | **158,188** | 237,204 |
| Ineffective interest rate swaps and currency options | - | (10,373) |
| Income tax expense | **(4,900)** | - |
| | **47,550** | 191,691 |

**Restructuring costs** relates to the restructuring of subsidiaries in the 'Middle East, Europe and Africa' region and in the 'Asia Pacific and Indian subcontinent' region. (2012: relates to the restructuring costs of a subsidiary in the 'Middle East, Europe and Africa' region and in the 'Australia and Americas' region).

**Impairment of assets** relates to the impairment of assets of USD 75,153 thousand in the 'Middle East, Europe and Africa' region and USD 24,000 thousand in the 'Asia Pacific and Indian subcontinent' region. The impairments are in the following asset categories: Property, plant and equipment USD 43,816 thousand (2012: USD 49,900), Goodwill USD 3,268 thousand (2012: Nil), Port concession rights USD 23,871 thousand (2012: Nil), Investment in equity-accounted investees USD 24,000 thousand (2012: Nil) and other assets USD 4,198 thousand (2012: Nil). These impairments were mainly due to significant adverse effects in the market and economic conditions which were outside the control of the Group. (2012: Impairment of property, plant and equipment of USD 14,100 thousand in the 'Middle East, Europe and Africa' region and USD 35,800 thousand in the 'Australia and Americas' region).

**Share of (loss)/ profit of equity-accounted investees:** USD 1,241 thousand relates to the share of ineffective hedge in an associate in the 'Middle East, Europe and Africa' region and USD 3,064 thousand relates to the share of restructuring costs in the 'Australia and Americas' region. (2012: includes USD 11,717 thousand share of equity earnings of a joint venture upon sale of an entity within this group in the 'Australia and Americas' region and USD 8,993 thousand share of profit on transfer of certain assets by an associate in the 'Asia Pacific and Indian subcontinent' region).

**Profit on sale and termination of businesses for 2013 represents:**

- USD 152,224 thousand profit on monetisation of investments in the 'Asia Pacific and Indian subcontinent' region.
- USD 5,964 thousand profit on monetisation of investments in an equity-accounted investee in the 'Australia and Americas' region.

Profit on sale and termination of businesses for 2012 represents:

- (2012: USD 193,533 thousand profit on monetisation of investments in equity-accounted investees in the 'Middle East, Europe and Africa' region.
- USD 53,288 thousand profit on monetisation of investments in an equity-accounted investee in the 'Australia and Americas' region, offset by a tax charge of USD 7,937 thousand.
- USD 6,312 thousand loss on termination of a concession in the 'Middle East, Europe and Africa' region.
- USD 4,632 thousand profit on monetisation of a subsidiary in the 'Middle East, Europe and Africa' region).

**Ineffective interest rate swaps and currency options**: 2013 : Nil (2012: USD 10,373 thousand relates to the loss on ineffective interest rate swaps in the 'Asia Pacific and Indian subcontinent' region).

**Income tax expense** relates to the restructuring of subsidiaries in the 'Asia Pacific and Indian subcontinent' region (2012: Nil).

## 13 Property, plant and equipment

| | Land and buildings USD'000 | Plant and equipment USD'000 | Ships USD'000 | Capital work-in-progress USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2013 | 3,073,584 | 2,462,280 | 240,361 | 1,316,806 | 7,093,031 |
| Additions during the year | 5,227 | 52,225 | 26,340 | 941,738 | 1,025,530 |
| Transfers from capital work-in-progress | 353,024 | 511,749 | - | (864,773) | - |
| Translation adjustment | (63,202) | 10,088 | (13,999) | 20,850 | (46,263) |
| Disposals | (1,264) | (40,088) | (7,900) | - | (49,252) |
| Disposal of subsidiaries | (59,230) | (67,300) | - | (8,982) | (135,512) |
| **As at 31 December 2013** | 3,308,139 | 2,928,954 | 244,802 | 1,405,639 | 7,887,534 |
| **Depreciation and impairment** | | | | | |
| As at 1 January 2013 | 614,767 | 961,150 | 103,852 | - | 1,679,769 |
| Charge for the year | 103,978 | 152,247 | 20,622 | - | 276,847 |
| Impairment losses (refer to note 12) | 7,197 | 36,525 | - | 94 | 43,816 |
| Translation adjustment | 7,038 | (37,175) | (10,700) | - | (40,837) |
| On disposals | (711) | (37,289) | (7,900) | - | (45,900) |
| On disposal of subsidiaries | (38,040) | (57,906) | - | - | (95,946) |
| **As at 31 December 2013** | 694,229 | 1,017,552 | 105,874 | 94 | 1,817,749 |
| **Net book value** | | | | | |
| **As at 31 December 2013** | 2,613,910 | 1,911,402 | 138,928 | 1,405,545 | 6,069,785 |

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 2013, cranes with aggregate net book value amounting to USD 272,972 thousand (2012: USD 288,710 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 2013, property, plant and equipment with a carrying amount of USD 2,451,173 thousand (2012: USD 2,391,298 thousand) are pledged to secure bank loans (refer to note 27). At 31 December 2013, the net carrying value of the leased plant and equipment and other assets was USD 50,065 thousand (2012: USD 48,796 thousand).

Borrowing costs capitalised to property, plant and equipment amounted to USD 36,691 thousand (2012: USD 44,900 thousand) with a capitalisation rate in the range of 4.68% to 5.13%per annum (2012: 4.68% to 5.13% per annum).

## 13 Property, plant and equipment (continued)

| | Land and buildings USD'000 | Plant and equipment USD'000 | Ships USD'000 | Capital work-in-progress USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| As at 1 January 2012 | 3,069,584 | 2,486,928 | 216,479 | 791,760 | 6,564,751 |
| Additions during the year | 7,530 | 39,771 | 48,582 | 546,051 | 641,934 |
| Transfers from capital work-in-progress | 27,347 | 51,097 | - | (78,444) | - |
| Translation adjustment | (2,815) | (2,667) | (9,000) | 59,650 | 45,168 |
| Disposals | (3,662) | (68,093) | (15,700) | (2,211) | (89,666) |
| Disposal of subsidiaries | (24,400) | (44,756) | - | - | (69,156) |
| As at 31 December 2012 | 3,073,584 | 2,462,280 | 240,361 | 1,316,806 | 7,093,031 |
| Depreciation and impairment | | | | | |
| As at 1 January 2012 | 482,535 | 883,323 | 74,773 | - | 1,440,631 |
| Charge for the year | 137,944 | 138,964 | 13,103 | - | 290,011 |
| Impairment losses (refer to note 12) | 4,900 | 19,000 | 26,000 | - | 49,900 |
| Translation adjustment | 1,640 | 4,424 | 276 | - | 6,340 |
| On disposals | (2,752) | (57,661) | (10,300) | - | (70,713) |
| On disposal of subsidiaries | (9,500) | (26,900) | - | - | (36,400) |
| As at 31 December 2012 | 614,767 | 961,150 | 103,852 | - | 1,679,769 |
| Net book value | | | | | |
| As at 31 December 2012 | 2,458,817 | 1,501,130 | 136,509 | 1,316,806 | 5,413,262 |

## 14 Goodwill and port concession rights

| | Goodwill USD'000 | Port concession rights USD'000 | Total Intangible Assets USD'000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 January 2013 | 1,588,918 | 3,934,648 | 5,523,566 |
| Additions | - | 37,892 | 37,892 |
| Disposals | - | (790) | (790) |
| Disposal of subsidiaries | (34,880) | (27,981) | (62,861) |
| Impairment losses (refer to note 12) | (3,268) | - | (3,268) |
| Translation adjustment | (18,532) | (144,116) | (162,648) |
| As at 31 December 2013 | 1,532,238 | 3,799,653 | 5,331,891 |
| **Amortisation and impairment** | | | |
| As at 1 January 2013 | - | 819,564 | 819,564 |
| Charge for the year | - | 118,652 | 118,652 |
| Impairment loss (refer note 12) | - | 23,871 | 23,871 |
| On disposals | - | (610) | (610) |
| On disposal of subsidiaries | - | (5,462) | (5,462) |
| Translation adjustment | - | (60,843) | (60,843) |
| As at 31 December 2013 | - | 895,172 | 895,172 |
| **Net book value** | | | |
| **As at 31 December 2013** | 1,532,238 | 2,904,481 | 4,436,719 |

## 14 Goodwill and port concession rights (continued)

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

At 31 December 2013, port concession rights with a carrying amount of USD 357,785 thousand (2012: USD 502,896 thousand) are pledged to secure bank loans (refer to note 27).

| | Goodwill USD'000 | Port concession rights USD'000 | Total Intangible Assets USD'000 |
|---|---|---|---|
| Cost | | | |
| As at 1 January 2012 | 1,607,655 | 3,941,977 | 5,549,632 |
| Additions | - | 43,017 | 43,017 |
| Re-classification | - | (37,991) | (37,991) |
| Disposals | (58,237) | (1,613) | (59,850) |
| Translation adjustment | 39,500 | (10,742) | 28,758 |
| As at 31 December 2012 | 1,588,918 | 3,934,648 | 5,523,566 |
| Amortisation | | | |
| As at 1 January 2012 | - | 718,019 | 718,019 |
| Charge for the year | - | 120,621 | 120,621 |
| On disposals | - | (1,332) | (1,332) |
| Translation adjustment | - | (17,744) | (17,744) |
| As at 31 December 2012 | - | 819,564 | 819,564 |
| Net book value | | | |
| As at 31 December 2012 | 1,588,918 | 3,115,084 | 4,704,002 |

## 15 Impairment testing

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units ("CGU"), which are reportable business units, for the purposes of impairment testing.

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

| | Carrying amount of goodwill | | Carrying amount of port concession rights with indefinite useful life | | Discount rates | Perpetuity growth rate |
|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 | | |
| **Cash-generating units aggregated by operating segment** | | | | | | |
| Asia Pacific and Indian subcontinent | 169,905 | 224,868 | - | - | 7.00% - 13.50% | 2.50% |
| Australia and Americas | 252,245 | 271,309 | - | - | 6.00% - 12.50% | 2.50% |
| Middle East, Europe and Africa | 1,110,088 | 1,092,741 | 1,043,125 | 1,030,134 | 6.00% - 16.50% | 2.50% - 2.60% |
| **Total** | 1,532,238 | 1,588,918 | 1,043,125 | 1,030,134 | | |

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

**Key assumptions used in value in use calculations**

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

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

*Discount rates* – These represent the cost of capital adjusted for the respective location risk factors. The Group uses the post-tax industry average Weighted Average Cost of Capital which reflects the country specific risk adjusted 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.

## 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 Group's interest in equity-accounted investees as included in consolidated statement of financial position:

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 |
| Cash and cash equivalents | 350,997 | 326,968 | 105,483 | 192,294 | 204,675 | 153,073 | 661,155 | 672,335 |
| Other current assets | 185,851 | 188,286 | 137,905 | 181,577 | 176,657 | 171,652 | 500,413 | 541,515 |
| Non-current assets | 9,395,336 | 8,068,891 | 2,802,062 | 2,861,185 | 2,651,225 | 2,389,594 | 14,848,623 | 13,319,670 |
| **Total assets** | 9,932,184 | 8,584,145 | 3,045,450 | 3,235,056 | 3,032,557 | 2,714,319 | 16,010,191 | 14,533,520 |
| Current financial liabilities | 89,567 | 218,337 | 31,599 | - | 38,253 | 18,349 | 159,419 | 236,686 |
| Other current liabilities | 627,011 | 448,035 | 184,462 | 168,232 | 197,706 | 191,073 | 1,009,179 | 807,340 |
| Non-current financial liabilities | 1,432,290 | 926,318 | 1,710,022 | 1,714,456 | 677,990 | 647,208 | 3,820,302 | 3,287,982 |
| Other non-current liabilities | 625,330 | 977,493 | 111,826 | 132,525 | 422,176 | 375,001 | 1,159,332 | 1,485,019 |
| **Total liabilities** | 2,774,198 | 2,570,183 | 2,037,909 | 2,015,213 | 1,336,125 | 1,231,631 | 6,148,232 | 5,817,027 |
| **Net assets (100%)** | 7,157,986 | 6,013,962 | 1,007,541 | 1,219,843 | 1,696,432 | 1,482,688 | 9,861,959 | 8,716,493 |
| **Group's share of net assets in equity accounted investees** | | | | | | | 2,700,703 | 3,348,317 |

## 16 Investment in equity-accounted investees (*continued*)

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 | 2013 USD'000 | 2012 USD'000 |
| Revenue | 1,317,725 | 1,268,308 | 716,099 | 852,553 | 519,766 | 623,095 | 2,553,590 | 2,743,956 |
| Depreciation and amortisation | (335,663) | (290,571) | (41,044) | (20,791) | (68,973) | (79,292) | (445,680) | (390,654) |
| Other expenses | (582,941) | (538,756) | (727,043) | (810,758) | (396,628) | (409,409) | (1,706,612) | (1,758,923) |
| Interest expense | (139,974) | (93,841) | (88,091) | (14,304) | (27,183) | (35,543) | (255,248) | (143,688) |
| Other finance income | 48,731 | 31,498 | 32,911 | 930 | 1,752 | 6,498 | 83,394 | 38,926 |
| Income tax expense | (111,840) | (87,392) | 28,247 | (1,123) | (6,435) | (18,652) | (90,028) | (107,167) |
| **Net profit/ (loss)** | 196,038 | 289,246 | (78,921) | 6,507 | 22,299 | 86,697 | 139,416 | 382,450 |
| **Group's share of profit/ (loss)** *(before separately disclosed items)* | 90,107 | 110,853 | (14,105) | (973) | 8,364 | 24,017 | 84,366 | 133,897 |
| **Group's share of other comprehensive income** | | | | | | | 17,772 | (8,686) |

## 17 Other investments

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Debt securities held to maturity (refer to note a) | **10,207** | 11,277 |
| Available-for-sale financial assets (refer to note b) | **52,716** | 49,556 |
| | **62,923** | 60,833 |

(a) The movement in debt securities held to maturity mainly relates to redemption of USD 1,055 thousand (2012: USD 1,538 thousand) during the year.

(b) Available-for-sale financial assets consist of an unquoted investment in an Infrastructure Fund. The movement schedule for these investments is as follows:

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| As at 1 January | **49,556** | 60,378 |
| Return of capital during the year | **-** | (10,690) |
| Change in fair value recognised in consolidated statement of other comprehensive income | **3,160** | (132) |
| As at 31 December | **52,716** | 49,556 |

## 18 Accounts receivable and prepayments

| | 2013 Non-current USD'000 | 2013 Current USD'000 | 2013 Total USD'000 |
|---|---|---|---|
| Trade receivables (net) (refer to note 30(a)(i)) | **-** | **270,074** | **270,074** |
| Advances paid to suppliers | **-** | **36,483** | **36,483** |
| Other receivables and prepayments | **65,253** | **263,067** | **328,320** |
| Employee benefit assets (refer to note 26) | **372** | **-** | **372** |
| Due from related parties (refer to note 29) | **115,485** | **111,070** | **226,555** |
| | **181,110** | **680,694** | **861,804** |

| | 2012 Non-current USD'000 | 2012 Current USD'000 | 2012 Total USD'000 |
|---|---|---|---|
| Trade receivables (net) | - | 244,534 | 244,534 |
| Advances paid to suppliers | - | 53,962 | 53,962 |
| Other receivables and prepayments | 56,115 | 204,965 | 261,080 |
| Employee benefit assets (refer to note 26) | 216 | - | 216 |
| Due from related parties (refer to note 29) | 207,097 | 105,961 | 313,058 |
| | 263,428 | 609,422 | 872,850 |

The Group's exposure to credit and currency risks are disclosed in note 30.

## 19 Bank balances and cash

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Cash at banks and in hand | **368,830** | 472,409 |
| Short-term deposits | **2,151,205** | 1,362,752 |
| Deposits under lien | **52,435** | 46,767 |
| Bank balances and cash | **2,572,470** | 1,881,928 |
| Bank overdrafts | **(1,407)** | (195) |
| **Cash and cash equivalents for consolidated statement of cash flows** | **2,571,063** | 1,881,733 |

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. Bank overdrafts are repayable on demand.

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

## 20 Share capital

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

| | 2013 USD'000 | 2012 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 |

## 21 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.

***Hedging reserve***

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.

## 21 Reserves (continued)

***Other reserves***

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 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 also includes foreign exchange translation differences arising from translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

## 22 Non-controlling interests ('NCI')

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

| | 2013 USD'000 Middle East, Europe and Africa region | 2013 USD'000 Other individually immaterial subsidiaries * | 2013 USD'000 Gross Total | 2012 USD'000 Middle East, Europe and Africa region | 2012 USD'000 Other individually immaterial subsidiaries * | 2012 USD'000 Gross Total |
|---|---|---|---|---|---|---|
| ***Balance sheet information:*** | | | | | | |
| Non-current assets | 497,259 | | | 487,189 | | |
| Current assets | 167,675 | | | 185,412 | | |
| Non-current liabilities | (171,342) | | | (226,693) | | |
| Current liabilities | (124,341) | | | (106,449) | | |
| **Net assets (100%)** | 369,251 | | | 339,459 | | |
| Carrying amount of fair value adjustments | 304,490 | | | 289,834 | | |
| **Total** | 673,741 | | | 629,293 | | |
| **Carrying amount of NCI as at 31 December** | 372,018 | 103,723 | 475,741 | 346,901 | 317,092 | 663,993 |

## 22 Non-controlling interests ('NCI') (continued)

| | 2013 USD'000 Middle East, Europe and Africa region | 2013 USD'000 Other individually immaterial subsidiaries * | 2013 USD'000 Gross Total | 2012 USD'000 Middle East, Europe and Africa region | 2012 USD'000 Other individually immaterial subsidiaries * | 2012 USD'000 Gross Total |
|---|---|---|---|---|---|---|
| ***Income statement information:*** | | | | | | |
| Revenue | 316,073 | | | 318,510 | | |
| Profit after tax | 80,600 | | | 76,557 | | |
| Other comprehensive income, net of tax | 12,204 | | | (4,841) | | |
| Total comprehensive income (100%), net of tax | 92,804 | | | 71,716 | | |
| Profit allocated to NCI | 51,418 | 30,734 | 82,152 | 50,327 | 27,774 | 78,101 |
| Other comprehensive income allocated to NCI | 7,566 | 2,169 | 9,735 | (1,546) | 1,456 | (90) |
| Total comprehensive income attributable to NCI | 58,984 | 32,903 | 91,887 | 48,781 | 29,230 | 78,011 |
| ***Cash flow statement information:*** | | | | | | |
| Cash flows from operating activities | 129,849 | | | 90,504 | | |
| Cash flows from investing activities | 42,663 | | | 11,895 | | |
| Cash flows from financing activities | 113,695 | | | 87,029 | | |
| Dividends paid to NCI | 38,604 | | | 25,325 | | |

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

## 23 Dividends

| | 2013<br>USD'000 | 2012<br>USD'000 |
|---|---|---|
| **Declared and paid during the year:** | | |
| Final dividend 24 US cents per share | **199,200** | 199,200 |
| **Proposed for approval at the annual general meeting** *(not recognised as a liability as at 31 December):* | | |
| Final dividend: 23 US cents per share/ 24 US cents per share | **190,900** | 199,200 |

## 24 Earnings per share

***Basic earnings per share***

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

| | 2013<br>USD'000 | 2012<br>USD'000<br>(Restated) |
|---|---|---|
| Profit attributable to owners of the Company (after separately disclosed items) – (a) | **639,636** | 738,398 |
| Profit attributable to owners of the Company (before separately disclosed items) - (b) | **604,421** | 545,182 |
| | **Number of shares** | Number of shares |
| Number of ordinary shares outstanding as at 31 December - (c) | **830,000,000** | 830,000,000 |

## 24 Earnings per share (continued)

| | **2013 USD** | 2012 USD (Restated) |
|---|---|---|
| Basic earnings per share after separately disclosed items – (US cents) - (a/c) | **77.06** | 88.96 |
| Basic earnings per share before separately disclosed items – (US cents) - (b/c) | **72.82** | 65.68 |

The Company has no share options outstanding at the year end and therefore the basic and diluted earnings per share are not different.

## 25 Employees' end of service benefits

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

| | **2013 USD'000** | 2012 USD'000 |
|---|---|---|
| As at 1 January | **55,747** | 49,393 |
| Provision made during the year * | **11,961** | 11,522 |
| Amounts paid during the year | **(5,968)** | (5,168) |
| As at 31 December | **61,740** | 55,747 |

* 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 income statement as incurred.

## 26 Pension and post-employment benefits

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

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

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, certain multi-employer industry schemes the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

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

| | **2013** USD'000 | 2012 USD'000 (Restated *) |
|---|---|---|
| **Non-current** | | |
| Defined benefit schemes net liabilities | **168,000** | 221,634 |
| Liabilities from defined contribution schemes | **706** | 784 |
| Liability in respect of long service leave | **700** | 600 |
| | **169,406** | 223,018 |
| **Current** | | |
| Liability for current deferred compensation | **10,068** | 11,845 |
| **Net liabilities** | **179,474** | 234,863 |
| **Net liabilities** | | |
| *Reflected in the consolidated statement of financial position as follows:* | | |
| Employee benefits assets (included within non-current receivables (refer to note 18) | **(372)** | (216) |
| Employee benefits liabilities: Non-current | **169,778** | 223,234 |
| Employee benefits liabilities: Current | **10,068** | 11,845 |
| | **179,474** | 234,863 |

* Refer to note 3 (f).

## 26 Pension and post-employment benefits (continued)

The defined benefit pension schemes net liabilities of USD 168,000 thousand (2012 Restated*: USD 221,634 thousand) is in respect of the total Group schemes shown on page 66 and 67.

The current portion of employee benefits liabilities includes a liability of USD 8,400 thousand (2012: USD 10,000 thousand) in respect of annual leave, USD 1,200 thousand (2012: USD 1,600 thousand) in respect of long service leave, and USD 468 thousand (2012: USD 245 thousand) in respect of sick leave and other miscellaneous employee benefit items.

An expense of USD 30,354 thousand (2012 Restated*: USD 33,600 thousand) has been recognised in the consolidated income statement for the long term employee benefit schemes. USD 7,200 thousand (2012 Restated*: USD 7,000 thousand) in respect of defined benefit schemes, USD 9,700 thousand (2012: USD 10,000 thousand) in respect of defined contribution schemes and USD 13,454 thousand (2012: USD 16,600 thousand) in respect of other employee benefits.

A net finance cost of USD 8,100 thousand (2012 Restated*: USD 8,100 thousand) in respect of defined benefit funds has been recognised in the consolidated income statement.

Total amount of actuarial losses gross of tax recognised in consolidated statement of other comprehensive income.

| | **2013 USD'000** | 2012 USD'000 (Restated *) |
|---|---|---|
| Actuarial (gain)/ loss recognised in the year | **(44,080)** | 36,169 |
| Movement in minimum funding liability | **5,200** | (5,400) |
| | **(38,880)** | 30,769 |

* Refer to note 3 (f).

**Actuarial valuations and assumptions**

The latest valuations of the defined benefit schemes have been updated to 31 December 2013 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 2013** | **MNOPF scheme 2013** | **Other schemes 2013** |
|---|---|---|---|
| Discount rates | **4.35%** | **4.35%** | **4.50%** |
| Discount rates bulk annuity asset | **4.20%** | **-** | **-** |
| Expected rates of salary increases | **2.50%** | **-** | **1.90%** |
| Pension increases: deferment | **3.00%** | **2.60%** | **3.24%** |
| payment | **3.00%** | **3.45%** | **3.24%** |
| Inflation | **3.60%** | **3.60%** | **3.60%** |

## 26 Pension and post-employment benefits (continued)

**Actuarial valuations and assumptions (continued)**

| | P&O UK scheme 2012 | MNOPF scheme 2012 | Other schemes 2012 |
|---|---|---|---|
| Discount rates | 4.15% | 4.15% | 4.40% |
| Discount rates bulk annuity asset | 4.00% | - | - |
| Expected rates of salary increases | 2.50% | - | 1.90% |
| Pension increases: deferment | 2.75% | 2.20% | 2.90% |
| payment | 2.75% | 3.00% | 2.90% |
| Inflation | 3.05% | 3.05% | 3.10% |

From 1 December 2011, changes have been made to the benefits provided by the P&O UK scheme. These include a restriction to pay increases equal to the lower of Retail Price Index and 2.5% in a Scheme Year. This restriction is reflected in the pay increase assumption above and there is no allowance for promotional increases.

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** |
| **2013** | | | | |
| P&O UK scheme | **23.1** | **26.1** | **25.5** | **28.6** |
| MNOPF scheme | **22.5** | **25.3** | **26.1** | **29.0** |
| 2012 | | | | |
| P&O UK scheme | 23.8 | 26.8 | 25.6 | 28.7 |
| MNOPF scheme | 22.0 | 24.5 | 25.9 | 28.2 |

At 31 December 2013 the weighted average duration of the defined benefit obligation was 16.2 years (2012: 16.4 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant, would have increased the net defined benefit liability as at 31 December 2013 by the amounts shown below:

| | **USD'000** |
|---|---|
| 0.1% reduction in discount rate | **19,500** |
| 0.1% increase in inflation assumption and related assumptions | **8,400** |
| 0.25% p.a. increase in the long term rate of mortality improvement | **12,600** |

## 26 Pension and post-employment benefits (continued)

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 |
|---|---|---|---|---|
| 2013 | | | | |
| Equities | 403,400 | 58,200 | 84,200 | 545,800 |
| Bonds | 216,800 | 102,500 | 90,300 | 409,600 |
| Other | 61,200 | 13,900 | 33,900 | 109,000 |
| Value of insured pensioner liability | 1,313,900 | - | - | 1,313,900 |
| | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| 2012 | | | | |
| Equities | 343,500 | 40,200 | 84,100 | 467,800 |
| Bonds | 241,800 | 93,000 | 79,400 | 414,200 |
| Other | 20,700 | 34,300 | 24,500 | 79,500 |
| Value of insured pensioner liability | 1,361,400 | - | - | 1,361,400 |
| | 1,967,400 | 167,500 | 188,000 | 2,322,900 |

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 and fair value of scheme assets for the period ended 31 December 2013:

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Present value of obligation at 1 January 2013 | (2,084,534) | (217,000) | (243,000) | (2,544,534) |
| Employer's interest cost | (81,300) | (8,400) | (10,300) | (100,000) |
| Employer's current service cost | (500) | - | (4,200) | (4,700) |
| Contributions by scheme participants | - | - | (1,100) | (1,100) |
| Effect of movement in exchange rates | (39,046) | (4,300) | (4,800) | (48,146) |
| Benefits paid | 100,700 | 8,600 | 9,100 | 118,400 |
| Experience gains/ (loss) on scheme liabilities | 2,800 | 6,700 | (3,300) | 6,200 |
| Actuarial gain/ (loss) on scheme liabilities due to change in demographic assumptions | 44,880 | (3,900) | - | 40,980 |
| Actuarial (loss)/ gains scheme liabilities due to change in financial assumptions | (11,600) | 2,000 | 1,700 | (7,900) |
| Present value of obligation at 31 December 2013 | (2,068,600) | (216,300) | (255,900) | (2,540,800) |

## 26 Pension and post-employment benefits (continued)

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Fair value of scheme assets at 1 January 2013 | 1,967,400 | 167,500 | 188,000 | 2,322,900 |
| Interest income on assets | 76,900 | 6,700 | 8,300 | 91,900 |
| Return on plan assets (lesser)/ greater than the discount rate | (300) | (2,500) | 7,600 | 4,800 |
| Contributions by employer | 13,400 | 8,000 | 8,600 | 30,000 |
| Contributions by scheme participants | - | - | 1,100 | 1,100 |
| Effect of movement in exchange rates | 40,600 | 3,700 | 4,200 | 48,500 |
| Benefits paid | (100,700) | (8,600) | (9,100) | (118,400) |
| Administration costs incurred during the year | (2,000) | (200) | (300) | (2,500) |
| Fair value of scheme assets at 31 December 2013 | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| Defined benefit schemes net liabilities | (73,300) | (41,700) | (47,500) | (162,500) |
| Minimum funding liability | - | (5,500) | - | (5,500) |
| Net liability recognised in the consolidated statement of financial position at 31 December 2013 | (73,300) | (47,200) | (47,500) | (168,000) |

## 26 Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2012:

| | P&O UK scheme USD'000 (Restated*) | MNOPF scheme USD'000 (Restated*) | Other schemes USD'000 (Restated*) | Total group schemes USD'000 (Restated*) |
|---|---|---|---|---|
| Present value of obligation at 1 January 2012 | (1,851,100) | (188,400) | (152,300) | (2,191,800) |
| Employer's interest cost | (85,400) | (8,700) | (7,600) | (101,700) |
| Employer's current service cost | (500) | - | (4,000) | (4,500) |
| Contributions by scheme participants | (200) | - | (1,300) | (1,500) |
| Effect of movement in exchange rates | (85,165) | (8,500) | (7,500) | (101,165) |
| Benefits paid | 101,800 | 8,600 | 7,400 | 117,800 |
| Amounts re-classified from defined contribution schemes | - | - | (65,800) | (65,800) |
| Experience losses on scheme liabilities | (30,000) | (4,900) | (1,600) | (36,500) |
| Actuarial gain/ (loss) on scheme liabilities due to change in demographic assumptions | - | - | - | - |
| Actuarial losses on scheme liabilities due to change in financial assumptions | (133,969) | (15,100) | (10,300) | (159,369) |
| Present value of obligation at 31 December 2012 | (2,084,534) | (217,000) | (243,000) | (2,544,534) |

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Fair value of scheme assets at 1 January 2012 | 1,732,800 | 150,700 | 120,900 | 2,004,400 |
| Interest income on assets | 80,200 | 7,100 | 6,300 | 93,600 |
| Return on plan assets greater than the discount rate | 166,900 | 5,200 | 4,900 | 177,000 |
| Contributions by employer | 13,500 | 7,000 | 7,400 | 27,900 |
| Contributions by scheme participants | 200 | - | 1,300 | 1,500 |
| Effect of movement in exchange rates | 77,500 | 6,700 | 6,100 | 90,300 |
| Benefits paid | (101,800) | (8,600) | (7,400) | (117,800) |
| Amounts reclassified from defined contribution schemes | - | - | 48,500 | 48,500 |
| Administration costs incurred during the year | (1,900) | (600) | - | (2,500) |
| Fair value of scheme assets at 31 December 2012 | 1,967,400 | 167,500 | 188,000 | 2,322,900 |
| Defined benefit schemes net liabilities | (117,134) | (49,500) | (55,000) | (221,634) |
| Minimum funding liability | - | - | - | - |
| Net liability recognised in the consolidated statement of financial position at 31 December 2012 | (117,134) | (49,500) | (55,000) | (221,634) |

* Refer to note 3 (f).

## 26 Pension and post-employment benefits (continued)

Where a surplus arises on a scheme in accordance with IAS19 and IFRIC14, the surplus is recognised as an asset only if it represents an unconditional economic benefit available to the Group in the future. Any surplus in excess of this benefit is not recognised in the statement of financial position. A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

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

| | **2013 USD'000** | 2012 USD'000 (Restated *) |
|---|---|---|
| Minimum funding liability as on 1 January | - | (5,400) |
| Movement during the year | (5,200) | 5,400 |
| Effect of movement in exchange rates | (300) | - |
| Minimum funding liability as on 31 December | (5,500) | - |

* Refer to note 3 (f).

It is anticipated that the Group will make the following contributions to the pension schemes in 2014:

| | **P&O UK scheme USD'000** | **MNOPF scheme USD'000** | **Other schemes USD'000** | **Total group schemes USD'000** |
|---|---|---|---|---|
| Pension scheme contributions | 14,210 | 8,555 | 9,011 | 31,776 |

**P&O UK Scheme**

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the latest completed regular valuation report for the scheme being at 31 March 2010, using the projected unit credit method.

As a result of valuation P&O committed to regular monthly deficit payments from April 2011 of USD 1,060 thousand until November 2019.

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.

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

The MNOPF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

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

## 26 Pension and post-employment benefits (continued)

**Merchant Navy Officers' Pension Fund ("MNOPF") (continued)**

The Old Section has been closed to benefit accrual since 1978. The scheme's independent actuary advised that at 31 March 2012 the market value of the scheme's assets for the Old Section was USD 2,129,729 thousand, representing approximately 100% of the value of the benefits accrued to members. The assets of the Old Section were substantially invested in bonds and a bulk insured annuity contract.

The Group could not identify its share of the underlying assets and liabilities of the Old Section on a consistent and reasonable basis and is therefore accounting for contributions and payments to the Old Section under IAS 19 as if it were a defined contribution scheme.

The most recent formal actuarial valuation of the New Section was carried out as at 31 March 2012.

Following the valuation, the Trustee and employers have agreed contributions in addition to those arising from the 31 March 2003, 31 March 2006 and 31 March 2009 valuations 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 2014 USD 8,555 thousand, 2015 to 2020 USD 6,752 thousand per annum and 2021 to 2023 USD 1,288 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 2013 is estimated at 4.807%.

**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.

The most recent formal actuarial valuation was carried out as at 31 March 2011.

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, it was not overturned.

The Trustees notified these Group companies of their estimated share of the current deficit during December 2012 equating to 3.0%. The method of deficit allocation and the associated recovery plan has still to be approved by the court, however, based on this initial indication the Group has provided for this liability after an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. The net impact of USD 17,300 thousand (Restated) was reflected as an actuarial movement in the consolidated statement of other comprehensive income in 2012.

## 27 Interest bearing loans and borrowings

This note provides information about the terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 30.

| | **2013** | 2012 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Non-current liabilities** | | |
| Secured bank loans | **1,056,613** | 669,322 |
| Mortgage debenture stock | **2,355** | 2,307 |
| Unsecured loan stock | **5,399** | 5,287 |
| Unsecured bank loans | **455,544** | 106,916 |
| Unsecured bond issues | **3,239,277** | 3,237,234 |
| Finance lease liabilities | **17,502** | 28,555 |
| | **4,776,690** | 4,049,621 |
| **Current liabilities** | | |
| Secured bank loans | **202,209** | 203,111 |
| Unsecured bank loans | **42,886** | 484,909 |
| Unsecured loans | **3,867** | 3,719 |
| Finance lease liabilities | **9,365** | 11,096 |
| | **258,327** | 702,835 |
| **Total** | **5,035,017** | 4,752,456 |

## 27 Interest bearing loans and borrowings (continued)

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

| Currency | *Notes* | Nominal interest rate | Year of maturity | Face value USD'000 | 2013 Carrying amount USD'000 |
|---|---|---|---|---|---|
| **Secured loans** | | | | | |
| USD | | Variable | 2014- 2020 | 476,012 | 476,012 |
| USD | | 3% to 8% | 2019- 2022 | 42,786 | 42,786 |
| EUR | | Variable | 2017- 2023 | 88,117 | 88,117 |
| PKR | | Variable | 2019 | 68,976 | 68,976 |
| ZAR | | 9.5% | 2017 | 496 | 496 |
| GBP | | Variable | 2031 | 578,793 | 578,793 |
| GBP | | 8.5% | 2017 | 3,642 | 3,642 |
| **Unsecured loans** | | | | | |
| SAR | | Variable | 2017 | 15,178 | 15,178 |
| CAD | | Variable | 2018 | 135,224 | 135,224 |
| INR | | Variable | 2014-2019 | 64,136 | 64,136 |
| USD | | Variable | 2018 | 257,209 | 257,209 |
| USD | | 4.14% | 2024 | 26,683 | 26,683 |
| EUR | | Variable | Payable on demand | 2,667 | 2,667 |
| USD | | 8% | Payable on demand | 1,200 | 1,200 |
| **Mortgage debenture stock** | | | | | |
| GBP | | 3.5% | Undated | 2,355 | 2,355 |
| **Unsecured loan stock** | | | | | |
| GBP | | 7.5% | Undated | 5,399 | 5,399 |
| **Unsecured Bond** | | | | | |
| USD | | 7.88% | 2027 | 8,000 | 7,940 |
| **Unsecured sukuk bonds** | | | | | |
| USD | *(a)* | * | 2017 | 1,500,000 | 1,492,513 |
| **Unsecured MTNs** | | | | | |
| USD | *(a)* | 6.85% | 2037 | 1,750,000 | 1,738,824 |
| Finance lease liabilities in various currencies | | 1.13%-10.43% | 2014-2054 | 26,867 | 26,867 |
| | | | | 5,053,740 | 5,035,017 |

* The profit rate on this Islamic Bond is 6.25%.

## 27 Interest bearing loans and borrowings (continued)

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

| Currency | *Notes* | Nominal interest rate | Year of maturity | Face value USD'000 | 2012 Carrying amount USD'000 |
|---|---|---|---|---|---|
| Secured loans | | | | | |
| EGP | | Variable | 2013 | 1,868 | 1,868 |
| EUR | | Variable | 2017-2023 | 103,353 | 103,353 |
| GBP | | Variable | 2031 | 119,846 | 119,846 |
| GBP | | 8.5% | 2017 | 18,000 | 18,000 |
| HKD | | Variable | 2015 | 837 | 837 |
| INR | | Variable | 2015-2017 | 39,820 | 39,820 |
| PKR | | Variable | 2018 | 76,345 | 76,345 |
| USD | | 3%-8% | 2017-2022 | 29,794 | 29,794 |
| USD | | Variable | 2013-2020 | 481,784 | 481,784 |
| ZAR | | 9.5% | 2017 | 786 | 786 |
| Unsecured loans | | | | | |
| CAD | | Variable | 2013 | 158,030 | 158,030 |
| SAR | | Variable | 2017 | 19,205 | 19,205 |
| INR | | Variable | 2014-2019 | 70,260 | 70,260 |
| USD | | 4.14%-7% | 2013-2024 | 29,330 | 29,330 |
| USD | | 8% | 2013 | 1,200 | 1,200 |
| USD | | Variable | 2013 | 315,000 | 315,000 |
| EUR | | Variable | 2013 | 2,519 | 2,519 |
| Mortgage debenture stock | | | | | |
| GBP | | 3.5% | undated | 2,307 | 2,307 |
| Unsecured loan stock | | | | | |
| GBP | | 7.5% | undated | 5,287 | 5,287 |
| Unsecured Bond | | | | | |
| USD | | 7.88% | 2027 | 8,000 | 7,935 |
| Unsecured sukuk bonds | | | | | |
| USD | *(a)* | * | 2017 | 1,500,000 | 1,490,661 |
| Unsecured MTNs | | | | | |
| USD | *(a)* | 6.85% | 2037 | 1,750,000 | 1,738,638 |
| Finance lease liabilities in various currencies | | 4.14% - 14% | 2013-2054 | 39,651 | 39,651 |
| | | | | 4,773,222 | 4,752,456 |

* The profit rate on this Islamic Bond is 6.25%.

## 27 Interest bearing loans and borrowings (continued)

(a) The Group has issued conventional bond of USD 1,750,000 thousand as Medium Term Note and a Sukuk (Islamic Bond) of USD 1,500,000 thousand. The Medium Term note and Sukuk are currently listed on Nasdaq Dubai and the London Stock Exchange (LSE).

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 13 and note 14). The deposits under lien amounting to USD 48,507 thousand (2012: USD 46,767 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 19).

There has been no issuance or repayment of debt securities in the current year (2012: Nil). At 31 December 2013, the undrawn committed borrowing facilities of USD 1,506,129 thousand (2012: USD 1,897,511 thousand) were available to the Group, in respect of which all conditions precedent had been met.

**Finance lease liabilities**

The Group classifies certain property, plant and equipment as finance leases where it retains all risks and rewards incidental to the ownership. The net carrying values of these assets are disclosed in note 13.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | **Future minimum lease payments USD'000** | **Interest USD'000** | **2013 Present value of minimum lease payments USD'000** |
|---|---|---|---|
| Less than one year | **11,258** | **(1,894)** | **9,364** |
| Between one and five years | **17,929** | **(4,120)** | **13,809** |
| More than five years | **9,770** | **(6,076)** | **3,694** |
| At 31 December | **38,957** | **(12,090)** | **26,867** |

| | Future minimum lease payments USD'000 | Interest USD'000 | 2012 Present value of minimum lease payments USD'000 |
|---|---|---|---|
| Less than one year | 13,715 | (2,619) | 11,096 |
| Between one and five years | 25,938 | (5,011) | 20,927 |
| More than five years | 15,328 | (7,700) | 7,628 |
| At 31 December | 54,981 | (15,330) | 39,651 |

The finance leases do not contain any escalation clauses and do not provide for contingent rents.

## 28 Accounts payable and accruals

| | Non-current USD'000 | Current USD'000 | 2013 Total USD'000 |
|---|---|---|---|
| Trade payables | - | 146,359 | 146,359 |
| Other payables and accruals | 256,027 | 796,671 | 1,052,698 |
| Provisions * | 1,018 | 54,411 | 55,429 |
| Fair value of derivative financial instruments | 24,201 | 28,170 | 52,371 |
| Amounts due to related parties (refer to note 29) | - | 8,173 | 8,173 |
| As at 31 December | 281,246 | 1,033,784 | 1,315,030 |

| | Non-current USD'000 | Current USD'000 | 2012 Total USD'000 |
|---|---|---|---|
| Trade payables | - | 115,415 | 115,415 |
| Other payables and accruals | 384,248 | 642,625 | 1,026,873 |
| Provisions * | 499 | 41,000 | 41,499 |
| Fair value of derivative financial instruments | 120,008 | 41,850 | 161,858 |
| Amounts due to related parties (refer to note 29) | - | 13,182 | 13,182 |
| As at 31 December | 504,755 | 854,072 | 1,358,827 |

* During the current year, additional provision of USD 41,940 thousand was made (2012: USD 33,451 thousand) and an amount of USD 28,010 thousand was utilised (2012: USD 18,700 thousand).

## 29 Related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence i.e. part of the same Parent Group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, the Parent Company, Ultimate Parent Company (Dubai World Corporation) and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis.

The Ultimate Parent Company operates a Shared Services Unit ("SSU") which recharges the proportionate costs of services provided to the Group. SSU also processes the payroll for the Company and certain subsidiaries and recharges the respective payroll costs.

## 29 Related party transactions (continued)

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

| | **Equity-accounted investees USD'000** | **Other related parties USD'000** | **2013 Total USD'000** |
|---|---|---|---|
| *Expenses charged:* | | | |
| Concession fee | - | **48,169** | **48,169** |
| Shared services | - | - | - |
| Other services | - | **30,574** | **30,574** |
| *Revenue earned:* | | | |
| Management fee income | **19,946** | - | **19,946** |
| *Liabilities settled and recharged:* | - | **2,877** | **2,877** |

| | Equity-accounted investees USD'000 | Other related parties USD'000 | 2012 Total USD'000 |
|---|---|---|---|
| *Expenses charged:* | | | |
| Concession fee | - | 48,169 | 48,169 |
| Shared services | - | 2,354 | 2,354 |
| Other services | - | 29,249 | 29,249 |
| *Revenue earned:* | | | |
| Management fee income | 24,889 | - | 24,889 |

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

| | **Due from related parties** | | **Due to related parties** | |
|---|---|---|---|---|
| | **2013 USD'000** | 2012 USD'000 | **2013 USD'000** | 2012 USD'000 |
| Ultimate Parent Company | **2,114** | 1,871 | **377** | 194 |
| Parent Company | **54,304** | 53,450 | - | - |
| Equity-accounted investees | **145,755** | 232,973 | **57** | 124 |
| Other related parties | **24,382** | 24,764 | **7,739** | 12,864 |
| | **226,555** | 313,058 | **8,173** | 13,182 |

Guarantees issued on behalf of equity-accounted investees amount to USD 81,401 thousand (2012: USD 98,720 thousand).

## 29 Related party transactions (continued)

### Compensation of key management personnel

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

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Short-term benefits and bonus | 9,543 | 8,135 |
| Post-retirement benefits | 702 | 720 |
| | 10,245 | 8,855 |

## 30 Financial instruments

### (a) Credit risk

### (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Available-for-sale financial assets | 52,716 | 49,556 |
| Debt securities held to maturity | 10,207 | 11,277 |
| Derivative financial assets | 1,685 | - |
| Loans and receivables | 669,405 | 693,705 |
| Bank balances | 2,572,470 | 1,881,928 |
| | 3,306,483 | 2,636,466 |

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

## 30 Financial instruments (continued)

### (a) Credit risk (continued)

### (i) Exposure to credit risk (continued)

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Asia Pacific and Indian subcontinent | **21,288** | 17,758 |
| Australia and Americas | **41,323** | 39,996 |
| Middle East, Europe and Africa | **207,463** | 186,780 |
| | **270,074** | 244,534 |

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

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Neither past due nor impaired on the reporting date: | **168,120** | 174,112 |
| *Past due on the reporting date* | | |
| Past due 0-30 days | **81,384** | 60,440 |
| Past due 31-60 days | **16,911** | 7,526 |
| Past due 61-90 days | **2,456** | 1,328 |
| Past due > 90 days | **1,203** | 1,128 |
| | **270,074** | 244,534 |

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

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

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| As at 1 January | **38,920** | 35,954 |
| Provision recognised during the year | **8,379** | 2,966 |
| As at 31 December | **47,299** | 38,920 |

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 47% (2012: 45%) of the trade receivables.

## 30 Financial instruments (continued)

### (b) Liquidity risk

**2013**

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* | | | | | | |
| Secured bank loans | 1,258,822 | (1,679,351) | (197,180) | (207,770) | (490,221) | (784,180) |
| Unsecured bond issues | 3,239,277 | (6,412,886) | (214,255) | (214,255) | (2,002,661) | (3,981,715) |
| Mortgage debenture stocks | 2,355 | (4,496) | (82) | (82) | (247) | (4,085) |
| Unsecured loans and loan stock | 9,266 | (19,795) | (4,272) | (405) | (1,215) | (13,903) |
| Finance lease liabilities | 26,867 | (38,957) | (11,258) | (9,580) | (8,349) | (9,770) |
| Unsecured other bank loans | 498,430 | (556,793) | (80,985) | (56,606) | (395,097) | (24,105) |
| Trade and other payables | 1,200,037 | (1,223,934) | (944,011) | (110,067) | (112,038) | (57,818) |
| Bank overdraft | 1,407 | (1,407) | (1,407) | - | - | - |
| Financial guarantees and letters of credit* | - | (316,834) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps | 51,953 | (140,288) | (36,730) | (33,322) | (59,567) | (10,669) |
| Forward exchange contracts | 418 | (534) | (381) | (131) | (22) | - |
| Total | 6,288,832 | (10,395,275) | (1,490,561) | (632,218) | (3,069,417) | (4,886,245) |

* Refer to note 33 for further details.

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

2013

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated income statement.

| | Carrying amount USD'000 | Expected 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 |
|---|---|---|---|---|---|---|
| Interest rate swaps | | | | | | |
| Assets | 1,685 | (349) | (129) | (95) | (125) | - |
| Liabilities | (51,953) | (140,288) | (36,730) | (33,322) | (59,567) | (10,669) |
| Forward exchange contracts | | | | | | |
| Assets | - | - | - | - | - | - |
| Liabilities | (418) | (534) | (381) | (131) | (22) | - |
| Total | (50,686) | (141,171) | (37,240) | (33,548) | (59,714) | (10,669) |

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

2012

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and includes 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* | | | | | | |
| Secured bank loans | 872,433 | (1,120,723) | (169,021) | (171,607) | (513,525) | (266,570) |
| Unsecured bond issues | 3,237,234 | (6,627,141) | (214,255) | (214,255) | (2,096,411) | (4,102,220) |
| Mortgage debenture stocks | 2,307 | (4,405) | (81) | (81) | (242) | (4,001) |
| Unsecured loans and loan stock | 9,006 | (19,472) | (4,268) | (397) | (1,190) | (13,617) |
| Finance lease liabilities | 39,651 | (54,981) | (13,715) | (11,645) | (14,293) | (15,328) |
| Unsecured syndicate bank loans | - | - | - | - | - | - |
| Unsecured other bank loans | 591,825 | (634,830) | (509,236) | (55,643) | (40,435) | (29,516) |
| Trade and other payables | 635,824 | (644,505) | (251,576) | (109,422) | (254,830) | (28,677) |
| Bank overdraft | 195 | (195) | (195) | - | - | - |
| Financial guarantees and letters of credit* | - | (267,667) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps | 161,823 | (238,381) | (41,096) | (36,399) | (87,129) | (73,757) |
| Forward exchange contracts | 35 | 192 | 192 | - | - | - |
| Total | 5,550,333 | (9,612,108) | (1,203,251) | (599,449) | (3,008,055) | (4,533,686) |

* Refer to note 33 for further details.

## 30 Financial instruments (continued)

### (b) Liquidity risk (continued)

2012

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated income statement.

| | Carrying amount USD'000 | Expected 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 |
|---|---|---|---|---|---|---|
| Interest rate swaps | | | | | | |
| Liabilities | (161,823) | (238,381) | (41,096) | (36,399) | (87,129) | (73,757) |
| Forward exchange contracts | | | | | | |
| Liabilities | (35) | 192 | 192 | - | - | - |
| Total | (161,858) | (238,189) | (40,904) | (36,399) | (87,129) | (73,757) |

## 30 Financial instruments (continued)

### (c) Market risk

### (i) Currency risk

**Exposure to currency risk**

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

| | | | | | | | | 2013 |
|---|---|---|---|---|---|---|---|---|
| | USD * USD'000 | GBP USD'000 | EUR USD'000 | AUD USD'000 | INR USD'000 | CAD USD'000 | Others USD'000 | Total USD'000 |
| Bank balances and cash | 2,260,973 | 79,415 | 111,145 | 21,262 | 1,856 | 26,600 | 71,219 | 2,572,470 |
| Trade receivables | 160,500 | 26,027 | 31,167 | 8,400 | 15,730 | 13,100 | 15,150 | 270,074 |
| Secured bank loans and mortgage debenture stock | (518,797) | (584,789) | (88,117) | - | - | - | (69,474) | (1,261,177) |
| Unsecured bank loans and loan stock | (285,092) | (5,399) | (2,667) | - | (64,136) | (135,224) | (15,178) | (507,696) |
| Bank overdraft | - | (1,407) | - | - | - | - | - | (1,407) |
| Trade payables | (51,151) | (44,160) | (22,377) | (2,300) | (19,601) | (1,700) | (5,070) | (146,359) |
| **Net consolidated statement of financial position exposures** | 1,566,433 | (530,313) | 29,151 | 27,362 | (66,151) | (97,224) | (3,353) | 925,905 |

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

## 30 Financial instruments (continued)

### (c) Market risk (continued)

### (i) Currency risk (continued)

**Exposure to currency risk (continued)**

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

2012

| | USD * USD'000 | GBP USD'000 | EUR USD'000 | AUD USD'000 | INR USD'000 | CAD USD'000 | Others USD'000 | Total USD'000 |
|---|---|---|---|---|---|---|---|---|
| Bank balances and cash | 1,508,112 | 77,411 | 162,594 | 32,751 | 14,634 | 21,700 | 64,726 | 1,881,928 |
| Trade receivables | 145,088 | 21,700 | 31,731 | 4,000 | 7,676 | 15,500 | 18,839 | 244,534 |
| Secured bank loans and mortgage debenture stock | (534,568) | (126,237) | (103,353) | - | (39,820) | - | (70,762) | (874,740) |
| Unsecured bank loans and loan stock | (345,531) | (5,287) | (2,519) | - | (70,260) | (158,030) | (19,204) | (600,831) |
| Bank overdraft | - | - | - | - | (195) | - | - | (195) |
| Trade payables | (36,597) | (15,900) | (25,542) | (2,100) | (24,168) | (2,300) | (8,808) | (115,415) |
| Net consolidated statement of financial position exposures | 736,504 | (48,313) | 62,911 | 34,651 | (112,133) | (123,130) | (15,209) | 535,281 |

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

## 30 Financial instruments (continued)

### (c) Market risk (continued)

### (i) Currency risk (continued)

The following significant exchange rates applied during the year:

| | Average rate during | | Reporting date spot rate | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| GBP | **0.640** | 0.631 | **0.605** | 0.618 |
| EUR | **0.753** | 0.778 | **0.726** | 0.757 |
| AUD | **1.036** | 0.966 | **1.119** | 0.964 |
| INR | **58.510** | 53.361 | **61.922** | 54.898 |
| CAD | **1.030** | 0.999 | **1.064** | 0.996 |

### (ii) Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) consolidated income statement and 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 consolidated statement of other comprehensive income.

| | Consolidated income statement | | Consolidated statement of other comprehensive income | |
|---|---|---|---|---|
| | **USD'000 2013** | USD'000 2012 | **USD'000 2013** | USD'000 2012 |
| GBP | **449** | 7,349 | **(58,924)** | (5,368) |
| EUR | **431** | 1,584 | **3,239** | 6,990 |
| AUD | **(7)** | - | **3,040** | 3,850 |
| INR | **967** | 3,557 | **(7,350)** | (12,459) |
| CAD | **598** | 1,193 | **(10,803)** | (13,681) |

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.

## 30 Financial instruments (continued)

### (c) Market risk (continued)

### (ii) Interest rate risk

### (i) Profile

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

| | Carrying amount | |
|---|---|---|
| | **2013** | 2012 |
| | **USD'000** | USD'000 |
| **Fixed rate instruments** | | |
| Financial assets | **10,207** | 11,277 |
| Financial liabilities | **(3,348,705)** | (3,285,137) |
| Interest rate swaps | **(1,170,471)** | (925,243) |
| | **(4,508,969)** | (4,199,103) |
| **Variable rate instruments** | | |
| Financial assets | **2,151,205** | 1,362,752 |
| Financial liabilities | **(1,687,719)** | (1,467,514) |
| Interest rate swaps | **1,170,471** | 925,243 |
| | **1,633,957** | 820,481 |

### (ii) 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 income statement and consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | **Consolidated income statement** | | **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** |
| **2013** | | | | |
| Variable rate instruments | **16,340** | **(16,340)** | **-** | **-** |
| Interest rate swaps | **1,745** | **(1,745)** | **13,449** | **(13,449)** |
| **Cash flow sensitivity (net)** | **18,085** | **(18,085)** | **13,449** | **(13,449)** |
| 2012 | | | | |
| Variable rate instruments | 8,205 | (8,205) | - | - |
| Interest rate swaps | 741 | (741) | 10,489 | (10,489) |
| Cash flow sensitivity (net) | 8,946 | (8,946) | 10,489 | (10,489) |

## 30 Financial instruments (continued)

### (d) Fair values

**Fair values versus carrying amounts**

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

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | **Carrying amount USD'000** | **Fair value USD'000** | Carrying amount USD'000 | Fair value USD'000 |
| **Assets carried at fair values** | | | | |
| Available-for-sale financial assets | **52,716** | **52,716** | 49,556 | 49,556 |
| Interest rate swaps | **1,685** | **1,685** | - | - |
| | **54,401** | **54,401** | 49,556 | 49,556 |
| **Assets carried at amortised cost** | | | | |
| Debt securities held to maturity | **10,207** | **10,110** | 11,277 | 11,149 |
| Loans and receivables | **669,405** | **669,405** | 693,705 | 693,705 |
| Cash and cash equivalents | **2,572,470** | **2,572,470** | 1,881,928 | 1,881,928 |
| | **3,252,082** | **3,251,985** | 2,586,910 | 2,586,782 |
| **Liabilities carried at fair values** | | | | |
| Interest rate swaps | **(51,953)** | **(51,953)** | (161,823) | (161,823) |
| Forward exchange contracts | **(418)** | **(418)** | (35) | (35) |
| | **(52,371)** | **(52,371)** | (161,858) | (161,858) |
| **Liabilities carried at amortised cost** | | | | |
| Secured bank loans* | **(1,258,822)** | **(1,258,822)** | (872,433) | (872,433) |
| Mortgage debenture stocks | **(2,355)** | **(2,458)** | (2,307) | (2,662) |
| Unsecured bond issues | **(3,239,277)** | **(3,378,952)** | (3,237,234) | (3,734,175) |
| Unsecured loan stock | **(9,266)** | **(9,266)** | (9,006) | (9,006) |
| Finance lease liabilities | **(26,867)** | **(26,867)** | (39,651) | (39,651) |
| Unsecured bank and other loans* | **(498,430)** | **(498,430)** | (591,825) | (591,825) |
| Trade and other payables | **(1,200,037)** | **(1,200,037)** | (635,824) | (635,824) |
| Bank overdraft | **(1,407)** | **(1,407)** | (195) | (195) |
| | **(6,236,461)** | **(6,376,239)** | (5,388,475) | (5,885,771) |

* A significant portion of these loans carry a variable rate of interest and hence, the fair values reported approximates carrying values.

## 30 Financial instruments (continued)

### (d) Fair values (continued)

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method (also refer to note 5 (v). The different levels have been defined as follows:

- 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)

| | Level 1 USD'000 | Level 2 USD'000 | Level 3 USD'000 |
|---|---|---|---|
| **2013** | | | |
| Available-for-sale financial assets | - | 52,716 | - |
| Derivative assets | - | 1,685 | - |
| Derivative financial liabilities | - | (52,371) | - |
| | - | 2,030 | - |
| 2012 | | | |
| Available-for-sale financial assets | - | 49,556 | - |
| Derivative financial liabilities | - | (161,858) | - |
| | - | (112,302) | - |

## 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:

| | **2013** | 2012 |
|---|---|---|
| | **USD'000** | USD'000 |
| Within one year | **290,998** | 303,685 |
| Between one to five years | **1,115,598** | 735,859 |
| Between five to ten years | **1,254,322** | 1,102,940 |
| Between ten to twenty years | **1,499,439** | 1,351,947 |
| Between twenty to thirty years | **981,565** | 1,311,794 |
| Between thirty to fifty years | **1,198,978** | 1,221,425 |
| Between fifty to seventy years | **923,174** | 1,052,910 |
| More than seventy years | **983,526** | 1,029,272 |
| | **8,247,600** | 8,109,832 |

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, this also includes leases of plant, equipment and vehicles. In respect of terminal operating leases, contingent rent is payable based on revenues/ profits earned in the future period. The majority of leases contain renewable options for additional lease periods at rental rates based on negotiations or prevailing market rates.

### Operating lease commitments – Group as a lessor

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

| | **2013** | 2012 |
|---|---|---|
| | **USD'000** | USD'000 |
| Within one year | **25,567** | 21,646 |
| Between one to five years | **68,817** | 84,718 |
| More than five years | **23,536** | 25,640 |
| | **117,920** | 132,004 |

### Operating lease commitments – Group as a lessor (continued)

The above operating leases (Group as a lessor) mainly consist of rental of property, plant and equipment 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

| | 2013 USD'000 | 2012 USD'000 |
|---|---|---|
| Estimated capital expenditure contracted for as at 31 December | **788,972** | 1,178,529 |

## 33 Contingencies

(a) The Group has contingent liabilities amounting to USD 21,651 thousand (2012: USD 15,538 thousand) in respect of payment guarantees, USD 212,192 thousand (2012: USD 152,556 thousand) in respect of performance guarantees and USD 1,590 thousand (2012: 853 thousand) in respect of letters of credit issued by the Group's bankers. The bank guarantees and letters of credit are arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

(b) The Group has contingent liabilities in respect of guarantees issued on behalf of equity-accounted investees (refer to note 29).

(c) The Group through its 100% owned subsidiary Mundra International Container Terminal Private Limited ("MICT") has developed and is operating the container terminal at the Mundra port in Gujarat.

In 2006, MICT received a show cause notice from Gujarat Maritime Board ("GMB") requiring MICT to demonstrate that the undertaking given by its parent company, P&O Ports (Mundra) Private Limited, with regard to its shareholding in MICT has not been breached in view of P&O Ports being taken over by the Group (DP World).

Based on the strong merits of the case and on the advice received from legal counsel, management believes that the above litigation is unsubstantiated, and in management's view, it will have no impact on the Group's ability to continue to operate the port.

(d) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 19,303 thousand (2012: USD 21,773 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 10,313 thousand (2012: USD 11,633 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 Chennai 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 posted the matter for hearing on 15 April 2014.

## 34 Significant group entities

The extent of the Group's ownership in its various subsidiaries, associates and joint ventures 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 | Management and operation of seaports, airports and leasing of port equipment |
| Thunder FZE | 100% | United Arab Emirates | Holding company |
| Peninsular and Oriental Steam Navigation Company Limited | 100% | United Kingdom | Management and operation of seaports |
| DP World Australia (POSN) Pty Ltd | 100% | Australia | Holding company |
| DPI Terminals Asia Holding Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals (BVI) Limited | 100% | British Virgin Islands | Holding company |
| DP World Ports Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DP World Maritime Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DPI Terminals Holdings C.V. | 100% | Netherlands | Holding company |

## 34 Significant group entities (continued)

### (b) Significant subsidiaries – Ports

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Terminales Rio de la Plata SA | 55.62% | Argentina | Container terminal operations |
| DP World Antwerp N.V. | 100% | Belgium | Multi-purpose terminal operations and ancillary container services |
| DP World (Canada) Inc. | 100% | Canada | Container terminal operations and stevedoring |
| Egyptian Container Handling Company (ECHCO) –S.A.E. | 100% | Egypt | Container terminal operations |
| DP World Germersheim, GmbH and Co. KG | 100% | Germany | Container terminal operations |
| Chennai Container Terminal Private Limited | 100% | India | Container terminal operations |
| India Gateway Terminal Pvt. Ltd | 81.63% | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva International Container Terminal Private Limited | 100% | India | Container terminal operations |
| DP World Middle East Limited | 100% | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo SA | 60% | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | 75% | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | 100% | Peru | Container terminal operations |
| Doraleh Container Terminal SARL | 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 | 75% | Romania | Container terminal operations |

## 34 Significant group entities (continued)

### (b) Significant subsidiaries – Ports (continued)

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| DP World Dakar S.A. | 90% | Senegal | Container terminal operations |
| DP World Tarragona S.A. | 60% | Spain | 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 |
| Southampton Container Terminals Limited | 51% | United Kingdom | Container terminal operations |
| London Gateway Port Limited | 100% | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | 80% | Vietnam | Container terminal operations |
| **(c) Associates and joint ventures – Ports** | | | |
| Djazair Port World Spa | 50% | Algeria | Container terminal operations |
| DP World Djen Djen Spa | 50% | Algeria | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | 25% | Australia | Container terminal operations |
| Antwerp Gateway N.V | 42.50% | Belgium | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. | 33.33% | Brazil | Container terminal operations |
| Caucedo Investment Inc. | 50% | British Virgin Islands | Container terminal operations |
| Eurofos S.A.R.L | 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 |
| Vishaka Container Terminals Private Limited | 26% | India | Container terminal operations |
| PT Terminal Petikemas Surabaya | 49% | Indonesia | Container terminal operations |
| Pusan Newport Co. Ltd | 42.10% | Korea | Container terminal operations |
| Qingdao Qianwan Container Terminal Co. Ltd | 29% | People's Republic of China | Container terminal operations |

## 34 Significant group entities (continued)

### (c) Associates and joint ventures – Ports (continued)

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Tianjin Orient Container Terminals Co Ltd | 24.50% | People's Republic of China | Container terminal operations |
| DP World Yantai Company 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. Ltd | 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 |
| Container Rail Road Services Private Limited | 100% | India | Container rail freight operations |
| Empresa de Dragagem do Porto de Maputo, SA | 25.50% | Mozambique | Dredging services |
| Port Secure Djibouti | 40% | Republic of Djibouti | Port security services |
| DP World Cargo Services (Pty) Limited | 70% | South Africa | Cargo services |
| Dubai International Djibouti FZE | 100% | United Arab Emirates | Port management and operation |
| P&O Maritime FZE | 100% | United Arab Emirates | Maritime services |

## 34 Significant group entities (continued)

### (e) Ports under development

| Legal Name | Ownership interest | Country of incorporation | Principal |
|---|---|---|---|
| Nhava Sheva (India) Gateway Terminal Private Limited | 100% | India | Container terminal operations |
| Rotterdam World Gateway B.V. | 30% | Netherlands | Container terminal operations |
| DP World Yarımca Liman İşletmeleri Anonim Şirketi | 100% | Turkey | Container terminal operations |

* 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 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as a joint arrangement. The underlying joint venture agreement with the other shareholder does not provide significant control to the Group.

**ECONOMIC ZONES WORLD FZE**

**CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2014**

pwc

# Independent auditor's report

To the shareholder of Economic Zones World FZE

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Economic Zones World FZE (the "Establishment") and its subsidiaries (together "the Group"), which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on other legal and regulatory requirements

Further, we report that the consolidated financial statements comply, with the applicable provisions of the Implementing Regulations No. 1/92 issued pursuant to Law No.9 of 1992, concerning the formation of Free Zone Establishments in the Jebel Ali Free Zone.

PricewaterhouseCoopers

PricewaterhouseCoopers
15 March 2015
Dubai, United Arab Emirates

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## Consolidated balance sheet

| | Note | As at 31 December 2014 AED'000 | 2013 AED'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 5 | 9,967 | 13,540 |
| Investment property | 6 | 3,742,581 | 3,552,340 |
| Land use right | 7 | 8,338,939 | 8,429,665 |
| Investment in an associate | 8 | 39,990 | 39,331 |
| Due from related parties | 9 | 86,755 | 694,601 |
| Derivative financial instruments | 10 | 1,326 | 4,442 |
| Trade and other receivables | 11 | 250,984 | 368,287 |
| | | 12,470,542 | 13,102,206 |
| **Current assets** | | | |
| Due from related parties | 9 | 42,788 | 93,697 |
| Derivative financial instruments | 10 | 1,326 | 2,221 |
| Trade and other receivables | 11 | 82,894 | 215,214 |
| Cash and bank balances | 12 | 1,861,044 | 1,030,366 |
| | | 1,988,052 | 1,341,498 |
| **TOTAL ASSETS** | | 14,458,594 | 14,443,704 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserve** | | | |
| Share capital | 14 | 4,764,000 | 4,764,000 |
| Retained earnings | | 4,073,535 | 3,697,169 |
| Translation reserve | | (43,298) | (40,930) |
| **Total equity** | | 8,794,237 | 8,420,239 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Employees' end of service benefits | 15 | 27,641 | 23,988 |
| Sukuk borrowing | 16 | 2,352,598 | 2,346,304 |
| Bank borrowings | 17 | 1,877,046 | 2,325,570 |
| Deferred revenue | 18 | 39,057 | 39,944 |
| | | 4,296,342 | 4,735,806 |
| **Current liabilities** | | | |
| Current tax liabilities | 19 | 127 | 125 |
| Trade and other payables | 20 | 856,708 | 824,759 |
| Bank borrowings | 17 | 208,387 | 184,951 |
| Due to related parties | 9 | 13,234 | 15,167 |
| Deferred revenue | 18 | 289,559 | 262,657 |
| | | 1,368,015 | 1,287,659 |
| **Total liabilities** | | 5,664,357 | 6,023,465 |
| **TOTAL EQUITY AND LIABILITIES** | | 14,458,594 | 14,443,704 |

These consolidated financial statements were approved by the Board of Directors on 12 March 2015 and signed on its behalf by:

Asim Al Abbasi
Chief Financial Officer

Salma Ali Saif Saeed Bin Hareb
Chief Executive Officer

The notes on pages 7 to 34 form an integral part of these consolidated financial statements. (2)

## Economic Zones World FZE

### Consolidated income statement

| | Notes | Year ended 31 December 2014 AED'000 | 2013 AED'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 21 | 1,753,893 | 1,580,381 |
| Cost of sales | 22 | (358,562) | (344,074) |
| **Gross profit** | | 1,395,331 | 1,236,307 |
| Other operating income | 23 | 108,209 | 83,872 |
| General and administrative expenses | 24 | (191,758) | (188,782) |
| Selling and marketing expenses | 25 | (55,273) | (49,190) |
| **Operating profit** | | 1,256,509 | 1,082,207 |
| Waiver of loan from the parent company | 9 | - | 5,164,545 |
| Finance income | 27 | 71,077 | 247,067 |
| Finance costs | 27 | (317,062) | (483,331) |
| Finance costs - net | 27 | (245,985) | (236,264) |
| Share of profit from an associate | 8 | 4,527 | 4,041 |
| **Profit before tax** | | 1,015,051 | 6,014,529 |
| Income tax expense | 19 | (444) | (455) |
| **Profit for the year from continuing operations** | | 1,014,607 | 6,014,074 |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 13 | - | (33,625) |
| **Profit for the year** | | 1,014,607 | 5,980,449 |

The notes on pages 7 to 34 form an integral part of these consolidated financial statements. (3)

## Consolidated statement of comprehensive income

| | Year ended 31 December | |
|---|---|---|
| | 2014 | 2013 |
| | AED'000 | AED'000 |
| **Profit for the year** | 1,014,607 | 5,980,449 |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Currency translation differences | (2,368) | (12,296) |
| **Other comprehensive income for the year** | (2,368) | (12,296) |
| **Total comprehensive income for the year arises from:** | 1,012,239 | 5,968,153 |
| - Continuing operations | 1,012,239 | 6,001,778 |
| - Discontinuing operations | - | (33,625) |
| | 1,012,239 | 5,968,153 |

The notes on pages 7 to 34 form an integral part of these consolidated financial statements. (4)

## Consolidated statement of changes in equity

| | Share capital AED'000 | Translation reserve AED'000 | Retained earnings AED'000 | Total AED'000 |
|---|---|---|---|---|
| Balance at 1 January 2013 | 4,764,000 | (28,634) | (2,283,280) | 2,452,086 |
| Profit for the year | - | - | 5,980,449 | 5,980,449 |
| Other comprehensive income | - | (12,296) | - | (12,296) |
| Balance at 31 December 2013 | 4,764,000 | (40,930) | 3,697,169 | 8,420,239 |
| Profit for the year | - | - | 1,014,607 | 1,014,607 |
| Other comprehensive income | - | (2,368) | - | (2,368) |
| Distribution to shareholder (Note 9) | - | - | (638,241) | (638,241) |
| Balance at 31 December 2014 | 4,764,000 | (43,298) | 4,073,535 | 8,794,237 |

The notes on pages 7 to 34 form an integral part of these consolidated financial statements.

## Economic Zones World FZE

### Consolidated statement of cash flows

| | Notes | Year ended 31 December 2014 AED'000 | 2013 AED'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax from continuing operations | | 1,015,051 | 6,014,529 |
| Adjustments for: | | | |
| Depreciation and amortisation | 22,24 | 184,917 | 193,475 |
| Profit commission on Sukuk borrowing | 27 | 167,144 | 167,144 |
| Other finance costs | 27 | 118,900 | 316,187 |
| Provision for impairment of trade receivables | 11 | 2,639 | 3,076 |
| Provision for employees' end of service benefits and general pension and social security | 26 | 14,199 | 14,522 |
| Finance income (excluding foreign exchange gain) | 27 | (71,077) | (58,009) |
| Share of profit from an associate | 8 | (4,527) | (4,041) |
| Loss on sale of property and equipment / investment properties | | 1,194 | 24,373 |
| Waiver of loan from the parent company | 9 | - | (5,164,545) |
| Foreign exchange loss / (gain) , net | 27 | 31,018 | (189,058) |
| Payment of employees' end of service benefits and general pension and social security | | (11,049) | (9,460) |
| Income tax paid | | (439) | (551) |
| Working capital adjustments: | | | |
| Trade and other receivables | | 50,868 | (106,177) |
| Trade and other payables | | 16,389 | 11,720 |
| Due from related parties | | 60,836 | 104,443 |
| Due to related parties | | (1,933) | 215 |
| Deferred revenue | | 26,015 | 1,847 |
| Net cash generated from operating activities | | 1,600,145 | 1,319,690 |
| **Investing activities** | | | |
| Proceeds from sale of disposal group classified as held for sale | | - | 1,006,902 |
| Purchase of property and equipment | | (1,905) | (4,885) |
| Purchase of investment property | | (66,962) | (125,357) |
| Proceeds from sale of property and equipment | | - | 57 |
| Movement in long term deposits | | (476,168) | (481,892) |
| Dividend received | 8 | 3,868 | 2,830 |
| Finance income received | | 7,005 | 6,550 |
| Net cash (used in) / generated from investing activities | | (534,162) | 404,205 |
| **Financing activities** | | | |
| Finance cost paid | | (258,386) | (362,860) |
| Repayment of borrowings | | (452,720) | (1,754,718) |
| Restricted cash | | 5,900 | (167,929) |
| Other finance cost paid | | (8) | (15,653) |
| Net cash used in financing activities | | (705,214) | (2,301,160) |
| **Net increase / (decrease) in cash and cash equivalents** | | 360,769 | (577,265) |
| Cash and cash equivalents, beginning of the year | | 379,042 | 958,065 |
| Currency translation differences | | (359) | (1,758) |
| **Cash and cash equivalents, end of the year** | 12 | 739,452 | 379,042 |

The notes on pages 7 to 34 form an integral part of these consolidated financial statements.

## 1 LEGAL STATUS AND ACTIVITIES

Economic Zones World FZE ("the Establishment") was established as a Jebel Ali Free Zone Establishment, under registration number 1293 on 14 March 2006. The Establishment's registered address is P.O. Box 16888, Jebel Ali, Dubai, United Arab Emirates.

The Establishment is a wholly owned subsidiary of Ports & Free Zone World FZE ("the parent company"). The ultimate parent company is Dubai World Corporation ("the ultimate parent").

The Establishment and its subsidiaries (together, "the Group") develop and manage free zones, develop, sell and lease warehouses and provide facility management services. The Group's principal subsidiaries and associate are as follows:

| | | Holding percentage | |
|---|---|---|---|
| **Name of entity** | **Principal activity** | **2014** | **2013** |
| **Subsidiaries** | | | |
| **United Arab Emirates** | | | |
| Jebel Ali Free Zone FZE (JAFZ) | Development and management of free zones | 100 | 100 |
| JAFZA Holding FZE | Development and management of free zones | 100 | 100 |
| JAFZA Enterprises FZE | Development and lease of customised warehouses | 100 | 100 |
| Business Center World FZE | Facility and management services provider | 100 | 100 |
| **Associate** | | | |
| **Djibouti** | | | |
| Djibouti Dry Port SAFZ (DDP) | Development and management of free zones | 40 | 40 |

On 13 November 2007 and amended on 22 April 2012, the Group entered into two agreements with JAFZA, one agreement to acquire land use right for a period of 99 years and another agreement for the purchase of assets. The Group paid JAFZA AED 8.9 billion and AED 3 billion as consideration for the acquisition of land use right and purchase of assets respectively. Under the land use right agreement, the Group will be liable to pay JAFZA a contingent consideration of 2% of revenue (limited to licensing and registration activity) earned from the fourth year onward and increases to 50% by the end of the 99th year.

DP World Limited ("DP World") and its wholly owned subsidiary, DP World FZE, announced on 13 November 2014 that they have entered into an agreement in relation to the proposed acquisition of the Establishment and its subsidiaries, from the parent company. The proposed acquisition by DP World is expected to complete during the first half of 2015.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Establishment have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS interpretations committee (IFRS IC) applicable to companies reporting under IFRS. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 BASIS OF PREPARATION (continued)

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

*(a) New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and do not have a material impact on the Group:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting.

  The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies as the impact on the Group is not material.

*(b) New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9, 'Financial instruments', (effective from 1 January 2015);
- IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017)

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

### 2.2 BASIS OF CONSOLIDATION

*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 BASIS OF CONSOLIDATION (continued)

*(a) Subsidiaries* (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

*(b) Eliminations on consolidation*

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

*(c) Associate*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% - 50% of the voting rights.

Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) from associate in the consolidated statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 FOREIGN CURRENCY TRANSLATION

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Establishment's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

*(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
(ii) Income and expenses for each statement of income are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.4 PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | **Years** |
|---|---|
| Buildings | 20-50 |
| Motor and utility vehicles | 5-10 |
| Furniture and fixtures | 5-10 |
| Equipment | 1-5 |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 PROPERTY AND EQUIPMENT (continued)

The assets' residual values, useful lives and methods of depreciation, are reviewed and adjusted if appropriate at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of income.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate category of property and equipment and depreciated in accordance with the Group's policy.

### 2.5 INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its 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.

The fair value for disclosure purposes of the investment property is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

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. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining operating profit.

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

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

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

### 2.6 LAND USE RIGHT

The total cost of acquiring land use right is capitalised as a land use right asset and is carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost over the term of rights of 99 years that is included under 'cost of sales' in the consolidated statement of income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.8 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component that represents a major line of business or a geographical area of operations that has been disposed of, is classified as discontinued resulting from a cessation of operations or classified as held for sale.

### 2.9 FINANCIAL ASSETS

#### 2.9.1 CLASSIFICATION

The Group classifies its financial assets as loans and receivables and derivatives. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables comprise 'due from related parties', 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Notes 9, 11 and 12 respectively)

Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

#### 2.9.2 RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

### 2.10 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 IMPAIRMENT OF FINANCIAL ASSETS

*(a) Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

### 2.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge) or hedges of net investments in foreign operations.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 10. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

*(a) Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (continued)

*(a) Cash flow hedge* (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of income within 'Finance cost - net'. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income.

*(b) Net investment hedge*

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

### 2.13 TRADE RECEIVABLES

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from continuing operations.

### 2.15 SHARE CAPITAL

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

### 2.16 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 PROVISIONS

Provisions 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.17 PROVISIONS (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 risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

### 2.18 ADVANCES FROM CUSTOMERS

Instalments received from buyers for sales of warehouses and/or service prior to meeting the revenue recognition criteria, are recognised as advances from customers. These are considered a current liability as they are repayable on demand on cancellation of the contracts, subject to certain penalties.

### 2.19 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### 2.20 BORROWING COSTS

General and specific 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 as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of income in the period in which they are incurred.

### 2.21 EMPLOYEES' BENEFITS

*(a) End of service benefits to non-UAE nationals – Defined benefit plan*

An accrual is made for the estimated liability for employees' entitlements to annual leave and leave passage as a result of services rendered by the employees up to the balance sheet date.

Provision is made, using actuarial techniques, for the full amount of end of service benefits due to the non-UAE Nationals in accordance with the Group policy and UAE labour law, for their periods of service up to the balance sheet date. The accrual relating to annual leave and leave passage is included in trade and other payables, while the provision relating to employees' end of service benefits is disclosed as a non-current liability.

*(b) General pension and social security – Defined contribution plan*

Effective 1 January 2003, the Group joined a pension scheme that is a defined contribution plan, operated by the Federal General Pension and Social Security Authority. Accordingly contributions for eligible UAE National employees are made and charged to the consolidated statement of income, in accordance with the provisions of Federal Law No. 7 for 1999 relating to Pension and Social Security Law.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*(a) Lease rental*

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 balance sheet.

*(b) Administrative services*

Revenue from license, registration, administration and consultancy service is recognised as the service is provided.

*(c) Other operating income*

Other operating income is recognised when the service is provided and right to receive payment is established.

*(d) Sale of property*

Revenue from sale of property, normally warehouses, is recognised in the consolidated statement of income when the risks and rewards of ownership are transferred to the buyer. The significant risks and rewards are deemed to be transferred when the property is transferred to the buyer, which in the case of the buildings generally takes place only upon completion of construction and physical handover of the property.

### 2.23 INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

### 2.24 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 CURRENT AND DEFERRED INCOME TAX (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

*(a) Market risk*

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound and EURO. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(ii) Price risk

The Group is not exposed to equity securities or commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from Sukuk borrowing and bank borrowings denominated. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group management did not set ratio of variable rate borrowings to fixed rate borrowings.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaption agreements (Note 10). Such interest rate swaptions have the economic effect of converting borrowings from floating rates to fixed rates. Under the loan agreement of the long term borrowings raised by the Group on floating rates, the Group should partially purchase swaptions to fixed rates. Under these agreements, the Group has the right but not the obligation on other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract amounts and floating-rate interest amounts calculated in reference to the agreed notional amounts. Sukuk borrowings issued at fixed rates expose the Group to fair value interest rate risk.

**3 FINANCIAL RISK MANAGEMENT** (continued)

**3.1 FINANCIAL RISK FACTORS** (continued)

(iii) Cash flow and fair value interest rate risk (continued)

If the interest rate on the non-hedged portion of bank borrowing of AED 1,085,560,000 (2013: AED 1,538,280,000) had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 10,856,000 (2013: AED 15,383,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If the interest rate on the hedged portion of bank borrowing of AED 1,050,000,000 had been 1% higher with all other variables held constant, profit for the year would have been AED 10,500,000 (2013: AED 3,015,000) lower. If the interest rate had been 1% lower with all other variables held constant, profit for the year would have been AED 10,500,000 (2013: AED 10,500,000) higher. This is mainly as a result of exercise of the swaption agreements.

*(b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees and derivatives while there is no credit risk arising from due from related parties. Credit risk is managed on a Group basis. The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history. The Group's maximum exposure to credit risk to customer is in Note 11.

The table below excludes cash in hand amounting to AED 225,000 (2013: AED 1,091,000) and presents an analysis of short term bank deposits and cash and cash equivalents by rating agency designation at the end of reporting period based on Moody's ratings or its equivalent for the main banking relationships:

| **Counterparties with external credit rating (Moody's)** | **2014** | **2013** |
|---|---|---|
| | **AED'000** | **AED'000** |
| A1 | 694,356 | 150,400 |
| A2 | 91,311 | 215,487 |
| A3 | 236,772 | 104 |
| Baa1 | 424,149 | 169,451 |
| Baa2 | 195,323 | 281,726 |
| Caa1 | 3 | - |
| * | 218,905 | 212,107 |
| | 1,860,819 | 1,029,275 |

* Balances of AED 218,905,000 (2013: AED 212,107,000) are maintained with banks with no formal credit rating. However, management views these banks to be high-credit-quality financial institutions and does not expect these financial institutions to default.

*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by keeping credit lines available.

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.1 FINANCIAL RISK FACTORS (continued)

*(c) Liquidity risk* (continued)

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year AED'000 | Between 1 year and 2 years AED'000 | Between 2 years and 5 years AED'000 | Over 5 years AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **At 31 December 2014** | | | | | |
| Bank borrowings | 287,551 | 302,329 | 1,131,260 | 674,033 | 2,395,173 |
| Sukuk borrowing | 167,144 | 167,144 | 2,805,181 | - | 3,139,469 |
| Trade and other payables excluding advances from customers and unearned revenue | 825,836 | - | - | - | 825,836 |
| Due to related parties | 13,234 | - | - | - | 13,234 |
| | 1,293,765 | 469,473 | 3,936,441 | 674,033 | 6,373,712 |
| **At 31 December 2013** | | | | | |
| Bank borrowings | 312,855 | 322,730 | 1,106,527 | 1,363,020 | 3,105,132 |
| Sukuk borrowing | 167,144 | 167,144 | 501,433 | 2,470,892 | 3,306,613 |
| Trade and other payables excluding advances from customers and unearned revenue | 774,806 | - | - | - | 774,806 |
| Due to related parties | 15,167 | - | - | - | 15,167 |
| | 1,269,972 | 489,874 | 1,607,960 | 3,833,912 | 7,201,718 |

The Group had no undrawn borrowing facilities as of 31 December 2014 and 31 December 2013.

### 3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of profit distributed to shareholder or manage its working capital requirements. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances (including short term deposits). Total capital is calculated as 'Total equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2014 and 2013 were as follows:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Bank borrowings (Note 17) | 2,135,560 | 2,588,280 |
| Sukuk borrowings (Note 16) | 2,387,320 | 2,387,320 |
| Less: Cash and bank balances (Note 12) | (1,861,044) | (1,030,366) |
| Net debt | 2,661,836 | 3,945,234 |
| Total equity | 8,794,237 | 8,420,239 |
| Total capital | 11,456,073 | 12,365,473 |
| Gearing ratio | 23% | 32% |

## 3 FINANCIAL RISK MANAGEMENT (continued)

### 3.3 FAIR VALUE ESTIMATION

The financial instruments carried at fair value by valuation method are categorised as follows: -

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

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2014.

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| - Derivative financial instruments (Note 10) | - | 2,652 | - | 2,652 |

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*(a) Impairment of non-financial assets*

Impairment of non-financial assets is a key area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long term period of five to fifteen years.
- Stabilised occupancy rate that range from 75% to 80%; and
- The discount rate of 12% based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.

## 5 PROPERTY AND EQUIPMENT

| | Motor and utility vehicles AED'000 | Furniture and fixtures AED'000 | Equipment AED'000 | Capital work-in-progress AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2013 | 90 | 66,562 | 25,209 | 219 | 92,080 |
| Additions | - | 4,020 | 42 | 823 | 4,885 |
| Transfer | - | 218 | 16 | (234) | - |
| Disposals / write off | - | (200) | (2) | - | (202) |
| At 31 December 2013 | 90 | 70,600 | 25,265 | 808 | 96,763 |
| Additions | - | 369 | 36 | 1,500 | 1,905 |
| Transfers | - | 1,012 | 295 | (1,307) | - |
| Disposals / write off | (46) | (31) | (1) | - | (78) |
| At 31 December 2014 | 44 | 71,950 | 25,595 | 1,001 | 98,590 |
| **Depreciation** | | | | | |
| At 1 January 2013 | 90 | 43,604 | 24,550 | - | 68,244 |
| Charge for the year | - | 14,808 | 316 | - | 15,124 |
| Disposals / write off | - | (142) | (3) | - | (145) |
| At 31 December 2013 | 90 | 58,270 | 24,863 | - | 83,223 |
| Charge for the year | - | 5,189 | 289 | - | 5,478 |
| Transfer | - | (161) | 161 | - | - |
| Disposals / write off | (46) | (31) | (1) | - | (78) |
| At 31 December 2014 | 44 | 63,267 | 25,312 | - | 88,623 |
| **Net book value** | | | | | |
| At 31 December 2014 | - | 8,683 | 283 | 1,001 | 9,967 |
| At 31 December 2013 | - | 12,330 | 402 | 808 | 13,540 |

Depreciation is included under general and administrative expenses (Note 24).

## 6 INVESTMENT PROPERTY

| | Land AED'000 | Buildings and infrastructure AED'000 | Investment property under construction AED'000 | Total AED'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2013 | 178,123 | 3,545,335 | 1,580,022 | 5,303,480 |
| Additions | - | 26,978 | 56,327 | 83,305 |
| Transfers | - | 2,775 | (2,775) | - |
| Disposal | - | - | (24,377) | (24,377) |
| Translation differences | (10,556) | - | - | (10,556) |
| At 31 December 2013 | 167,567 | 3,575,088 | 1,609,197 | 5,351,852 |
| Additions | - | 23,400 | 258,750 | 282,150 |
| Transfers | - | 11,765 | (11,765) | - |
| Disposal | (1,194) | (15,375) | - | (16,569) |
| Translation differences | (2,002) | - | - | (2,002) |
| At 31 December 2014 | 164,371 | 3,594,878 | 1,856,182 | 5,615,431 |
| **Depreciation and impairment** | | | | |
| At 1 January 2013 | 49,410 | 849,415 | 813,062 | 1,711,887 |
| Charge for the year (Note 22) | - | 87,625 | - | 87,625 |
| At 31 December 2013 | 49,410 | 937,040 | 813,062 | 1,799,512 |
| Charge for the year (Note 22) | - | 88,713 | - | 88,713 |
| Disposal | - | (15,375) | - | (15,375) |
| At 31 December 2014 | 49,410 | 1,010,378 | 813,062 | 1,872,850 |
| **Net book value** | | | | |
| At 31 December 2014 | 114,961 | 2,584,500 | 1,043,120 | 3,742,581 |
| At 31 December 2013 | 118,157 | 2,638,048 | 796,135 | 3,552,340 |

The following amounts have been recognised in the consolidated income statement in respect of investment property:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Lease rental income | 1,437,345 | 1,312,055 |
| Direct operating expenses | 151,462 | 149,001 |

At 31 December 2014, the Group had contractual obligations for capital commitment of AED 825,161,000 (2013: AED 247,663,000).

Management has provided, for each class of property, assumptions made in the determination of fair values and other key information on the properties. Management believes that this information is beneficial in evaluating the fair values of the investment property.

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| Buildings and infrastructure | - | - | 6,146,670 | 6,146,670 |
| Investment properties under construction | - | - | 1,043,121 | 1,043,121 |
| **Total** | - | - | **7,189,791** | **7,189,791** |

## 6 INVESTMENT PROPERTY (continued)

On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's investment property.

The external valuations of the level 3 investment properties have been performed using income capitalisation. The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific conditions and comparable rentals in the corresponding market.

The Group has investment properties in Dubai, of which significant portion has been leased out.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

- Estimated rental value (per sqm per annum)
- Rent growth per annum.
- Historical and estimated long term occupancy rate
- Yields, discount rate and terminal growth rate

Significant increases/(decreases) in estimated rental value (per square metre per annum ) and rent growth per annum in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in long-term occupancy rate and discount rate in isolation would result in a significantly lower/(higher) fair value measurement.

For all investment property the current use of the properties is their highest and best use.

At 31 December 2014 and 31 December 2013, the Group's investment property were fair valued on an open market basis by independent professionally qualified valuers who have recent experience in the locations and categories of the investment properties valued. Based on such valuation, the fair value of the investment property at 31 December 2014 is AED 7,189,791,000 (2013: AED 7,127,317,000) including investment property under construction of AED 1,043,121,000 (2013: AED 796,136,000).

## 7 LAND USE RIGHT

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| **Cost** | | |
| At 1 January and 31 December | 8,981,867 | 8,981,867 |
| **Amortisation** | | |
| At 1 January | 552,202 | 461,476 |
| Charge for the year (Note 22) | 90,726 | 90,726 |
| At 31 December | 642,928 | 552,202 |
| **Net book value at 31 December** | 8,338,939 | 8,429,665 |

The amortisation is included under 'cost of sales' in the consolidated statement of income (Note 22). Sukuk Borrowing and borrowings are secured with the majority of the land use rights (Note 16 and 17).

## 8 INVESTMENTS IN AN ASSOCIATE

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| At 1 January | 39,331 | 38,120 |
| Share of profit | 4,527 | 4,041 |
| Dividend received | (3,868) | (2,830) |
| At 31 December | 39,990 | 39,331 |

## 8 INVESTMENTS IN AN ASSOCIATE (continued)

The results of Group's associate, and its aggregated assets and liabilities are as follows:

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Current assets | 35,304 | 23,414 |
| Non-current assets | 73,292 | 78,081 |
| Total assets | 108,596 | 101,495 |
| Current liabilities | 14,194 | 12,527 |
| Non-current liabilities | - | - |
| Total liabilities | 14,194 | 12,527 |
| Total revenues | 28,273 | 25,664 |
| Profit | 11,988 | 10,103 |

## 9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the parent and the ultimate parent company, the shareholders, key management personnel, associate and any businesses which are controlled or jointly-controlled, directly or indirectly by the shareholders and directors or over which they exercise significant management influence.

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| **Income:** | | |
| Revenue generated from other related parties | 35,415 | 27,788 |
| Management fee from other related parties | 43,590 | 37,411 |
| Waiver of loan from the parent company | - | 5,164,545 |
| Interest income and unwinding of fair value loss - ultimate parent company | 14,682 | 32,198 |
| Finance income – other related parties | 4,367 | 7,948 |
| **Expenses:** | | |
| Interest expense recharged from parent company (Note 27) | - | 88,569 |
| Cost recharged from other related parties | 13,396 | 4,390 |
| Other operating expenses – other related parties | 10,115 | 17,906 |
| Repair and maintenance – other related parties | 46,091 | 41,912 |
| Security services – other related party | 6,108 | 5,593 |
| *Key management remuneration:* | | |
| – Salaries and other short term employee benefits | 36,973 | 32,920 |
| – Termination and post-employment benefits | 3,132 | 2,489 |
| | 40,105 | 35,409 |

## 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances include the following:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| **Due from related parties** | | |
| Due from other related parties | 33,827 | 75,569 |
| Loan to ultimate parent | - | 750,771 |
| Loans to other related party | 99,020 | 113,688 |
| | 132,847 | 940,028 |
| Less: fair value loss | (3,304) | (151,730) |
| | 129,543 | 788,298 |
| *Analysed between:* | | |
| Current | 42,788 | 93,697 |
| Non-current | 86,755 | 694,601 |
| | 129,543 | 788,298 |
| **Due to related parties** | | |
| Due to other related parties | 13,234 | 15,167 |

During the year, based on the advice of the parent company, the Group waived the loan receivable from the ultimate parent company with a carrying value of AED 638,241,000 (2013: AED 604,251,000) recorded in equity as distribution to the shareholder. The loan receivable was interest bearing at a rate of 2% and was payable by 2019, recognised initially at fair value. The fair value was based on cash flows discounted at a rate of 5.6%, which was reflective of the Group's weighted average cost of capital at the time of initial recognition. The undiscounted value and current carrying value of these balances at the balance sheet date are as follows:

| | Undiscounted 31 December 2014 AED '000 | Fair value 31 December 2014 AED '000 | Undiscounted 31 December 2013 AED '000 | Fair value 31 December 2013 AED '000 |
|---|---|---|---|---|
| Due from ultimate parent | - | - | 750,771 | 604,251 |
| Due from other related parties | 99,020 | 95,716 | 113,688 | 108,478 |
| | 99,020 | 95,716 | 864,459 | 712,729 |

During the prior year, loan from the parent company of AED 5,164,545,000 was waived and recognised as a gain in the income statement.

## 10 DERIVATIVE FINANCIAL INSTRUMENTS

During the prior year, the Group entered into interest rate swap agreements ("swaptions") for a notional amount of AED 1,050,000,000 (2013: Not applicable). Under these swaptions, in consideration for a premium, the Group purchased the right, but not the obligation, to receive an agreed upon capped 3 months EIBOR interest rate.

The EIBOR cap rates that can be exercised during the corresponding reference periods as per the terms of the swaptions are as follows: -

| Reference periods | EIBOR cap rate |
|---|---|
| From 19 December 2013 to 18 December 2014 | 1.10% |
| From 19 December 2014 to 18 December 2015 | 1.45% |
| From 19 December 2015 to 18 December 2016 | 1.95% |

## 10 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value of the Group's derivative financial instruments, which represent swaptions that are not traded in an active market, is determined by using valuation techniques which maximise the use of observable market data (Mark to Market) where it is available and rely as little as possible on entity specific estimates. Since significant inputs required to fair value the swaptions are obtained through quotations from banks for new swaptions under similar terms, the instrument is included in level 2. The fair value of swaptions can be analysed as follows:

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Current assets | 1,326 | 2,221 |
| Non-current assets | 1,326 | 4,442 |
| | 2,652 | 6,663 |

## 11 TRADE AND OTHER RECEIVABLES

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Trade receivables | 105,964 | 107,523 |
| Less: provision for impairment of trade receivables | (85,629) | (89,185) |
| | 20,335 | 18,338 |
| Other receivables and prepayments | 313,543 | 565,163 |
| | 333,878 | 583,501 |
| *Analysed between:* | | |
| Current assets | 82,894 | 215,214 |
| Non-current assets | 250,984 | 368,287 |
| | 333,878 | 583,501 |

At 31 December 2014 and 31 December 2013, the Group had a broad base of customers with no concentration of credit risk within trade receivables. The carrying amounts of the Group's trade receivables are denominated in AED.

As at 31 December 2014, trade receivables of AED 9,806,000 (2013: AED 2,193,000) were fully performing. As of 31 December 2014, trade receivables of AED 10,528,000 (2013: AED 16,145,000) were past due but not impaired.

These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Up to 30 days | 1,110 | 1,650 |
| 31 - 120 days | 1,107 | 2,567 |
| 120 - 360 days | 3,053 | 4,896 |
| Over 360 days | 5,258 | 7,032 |
| As at 31 December | 10,528 | 16,145 |

## 11 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2014, trade receivables of AED 85,629,000 (2013: AED 89,185,000) were impaired and provided for. The ageing of these receivables is as follows:

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Up to 30 days | 592 | 658 |
| 31 - 120 days | 1,457 | 2,082 |
| 120 - 360 days | 6,250 | 9,616 |
| Over 360 days | 77,330 | 76,829 |
| As at 31 December | 85,629 | 89,185 |

Movements in the Group's provision for impairment of trade receivables are as follows:

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| At 1 January | 89,185 | 92,572 |
| Provision for impairment of receivables (Note 24) | 2,639 | 3,076 |
| Write off | (6,195) | (6,463) |
| As at 31 December | 85,629 | 89,185 |

The creation and release of provision for impairment of receivables have been included in "General and administrative expenses" (Note 24) in the consolidated statement of income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

At 31 December 2014, other receivable and prepayments include AED 250,984,000 (2013: AED 368,287,000) which represents the fair value of the consideration receivable on the sale of EZW Gazeley Holdings Limited (Note 13). The loan receivable was non-interest bearing, recognised initially at fair value. The fair value was based on cash flows discounted at a rate of 5.55% over a period of 5 years, which was reflective of the Group's weighted average cost of capital at the time of initial recognition. The undiscounted amount was AED 282,615,000 (2013: AED 425,646,000).

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying value less impairment provision of trade receivables is assumed to approximate their fair values due to the short-term nature of trade receivables. Other receivables approximate their fair values. The fair values are within level 3 of the fair value hierarchy.

## 12 CASH AND BANK BALANCES

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Cash and bank balances including call deposits | 387,437 | 482,017 |
| Short-term fixed deposits | 1,473,607 | 548,349 |
| Cash and bank balances | 1,825,827 | 1,030,366 |

## 12 CASH AND BANK BALANCES (continued)

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows from continuing operations:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Cash and bank balances | 1,861,044 | 1,030,366 |
| Less: restricted bank balances | (163,532) | (169,432) |
| Less: long term fixed deposits | (958,060) | (481,892) |
| Cash and cash equivalents | 739,452 | 379,042 |

The fixed deposits earned interest at rates ranging from 0.6% to 8.3% per annum (2013: 0.6% to 7.1%). Bank accounts are held with locally incorporated banks and branches of international banks.

## 13 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 10 June 2013, the Group disposed its subsidiary, EZW Gazeley Holdings Limited, for net sale proceeds of AED 1,370,065,000. The results of the discontinued operations were as follows:

| | 10 June 2013 AED '000 |
|---|---|
| Revenue | 140,659 |
| Expenses | (131,727) |
| | 8,932 |
| Share of profit from joint ventures | (9,158) |
| Operating profit | (226) |
| Impairment loss recognised on the re-measurement | - |
| Finance income | 69,230 |
| Finance Expense | (4,593) |
| Profit before tax | 64,411 |
| Income tax expense | (7,333) |
| Profit for the period | 57,078 |
| Loss on disposal of discontinued operations after taxation | (90,703) |
| Total loss after tax from discontinued operations | (33,625) |

The net assets and liabilities at disposal and the loss therefrom are as follows:

| | 10 June 2013 AED '000 |
|---|---|
| Total proceeds at fair value | 1,411,585 |
| Less: transaction costs | (41,520) |
| Net proceeds from disposal | 1,370,065 |
| Assets and liabilities of the disposal group: | |
| Property held for development and sale | (1,860,242) |
| Trade and other receivables | (156,984) |
| Cash and bank balances | (141,513) |
| Borrowings | 434,747 |
| Deferred tax liability | 105,471 |
| Trade and other payables | 157,753 |
| Net assets disposed | (1,460,768) |
| Loss on disposal of discontinued operations after taxation | (90,703) |

The carrying amounts of the group's outstanding consideration receivables on the sale of EZW Gazeley Holdings was AED 250,984,000 (2013: AED 368,287,000) (Note 11).

## 14 SHARE CAPITAL

At 31 December 2014, the share capital comprised of 4,764 (2013: 4,764) issued and fully paid shares of AED 1,000,000 each.

## 15 EMPLOYEES' END OF SERVICE BENEFITS

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| As at 1 January | 23,988 | 18,913 |
| Charge for the year (Note 26) | 5,041 | 5,946 |
| Transfer in | 503 | - |
| Payments during the year | (1,891) | (871) |
| **As at 31 December** | 27,641 | 23,988 |

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2014, using the projected unit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion cost of 5% (2013: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.5% (2013: 2.6%).

## 16 SUKUK BORROWING

The Group issued through its subsidiary JAFZ Sukuk (2019) Limited new Sukuk trust certificates for a nominal value of AED 2,387,320,000 on 19 June 2013 listed on Nasdaq Dubai and the Irish Stock Exchange. Sukuk, mature seven years from the issue date and bears a profit commission at average coupon rate of 7% per annum to be paid semi-annually. The carrying amounts of Sukuk are denominated in United Stated Dollars ("USD"). Sukuk are secured in parri passu with borrowings (Note 17).

The following fair values of Islamic Sukuk are based on quoted market rates and are within Level 1 of the fair value hierarchy:

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 31 December 2014 AED'000 | 31 December 2013 AED'000 | 31 December 2014 AED'000 | 31 December AED'000 |
| Sukuk borrowing | 2,387,320 | 2,387,320 | 2,735,725 | 2,727,513 |
| Deferred borrowing costs | (34,722) | (41,016) | - | - |
| | 2,352,598 | 2,346,304 | 2,735,725 | 2,727,513 |

## 17 BANK BORROWINGS

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| **Non-current** | | |
| Term loan | 1,904,120 | 2,373,560 |
| Deferred borrowing costs | (27,074) | (47,990) |
| | 1,877,046 | 2,325,570 |
| **Current** | | |
| Term loan | 231,440 | 214,720 |
| Deferred borrowing costs | (23,053) | (29,769) |
| | 208,387 | 184,951 |
| **Total bank borrowings** | 2,085,433 | 2,510,521 |

## 17 BANK BORROWINGS (continued)

Movements in borrowings are analysed as follows:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Opening amount as at 1 January | 2,510,521 | 4,243,440 |
| Transaction costs movement, net | 27,632 | 21,800 |
| Repayment of bank borrowings | (452,720) | (1,754,719) |
| Closing amount as at 31 December | 2,085,433 | 2,510,521 |

The Group obtained a syndicated loan facility from a consortium of banks which bore interest at a rate of three months EIBOR plus 2.75% per annum and paid on quarterly basis. Effective 22 September 2014, the interest rate on term loan has been revised to EIBOR plus 1.85% per annum. During the year, the Group made repayments towards term loan of AED 452,720,000 (2013: AED 1,751,440,000). At 31 December 2014, the loan repayment terms were as follows:

| | Principal repayment term | |
|---|---|---|
| | % | AED'000 |
| Less than 1 year | 10.84 | 231,440 |
| Between 1 year and 2 years | 11.62 | 248,160 |
| Between 2 years and 5 years | 46.61 | 995,280 |
| Over 5 years | 30.93 | 660,680 |
| Total | 100.00 | 2,135,560 |

Bank borrowings are secured with the assignment of accounts receivable and mortgage over certain land use rights. The carrying value of the borrowing approximates its fair values. The fair values are within Level 3 of the fair value hierarchy.

## 18 DEFERRED REVENUE

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| At 1 January | 302,601 | 300,754 |
| Additions during the year | 1,471,393 | 1,317,368 |
| Released during the year (Note 21) | (1,445,378) | (1,315,521) |
| At 31 December | 328,616 | 302,601 |
| Analysed as: | | |
| Current portion | 289,559 | 262,657 |
| Non-current portion | 39,057 | 39,944 |
| | 328,616 | 302,601 |

## 19 CURRENT TAX

| | Net income tax payable AED'000 |
|---|---|
| At 1 January 2013 | (243) |
| Charges for the year | (455) |
| Paid during the year | 551 |
| Exchange differences | 22 |
| At 31 December 2013 | (125) |
| Charges for the year | (444) |
| Paid during the year | 439 |
| Exchange differences | 3 |
| At 31 December 2014 | (127) |

## 19 CURRENT TAX (continued)

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2014 is in the range of 30.9% - 33.3% (2013: 30.9% - 33.3%).

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| **Tax charge in the income statement** | | |
| *Current income tax* | | |
| Current tax charge | 444 | 476 |
| Adjustment for prior years | - | (21) |
| | 444 | 455 |
| Effective tax rate | 0% | 0% |
| **Reconciliation of the total tax charge** | | |
| Profit from operations before tax | 1,015,051 | 6,014,529 |
| Income not subject to taxation | (1,016,634) | (6,007,109) |
| Expenses not deductible for tax purposes | 2,107 | 601 |
| Accounting profit subject to taxation | 524 | 8,021 |
| Tax calculated at domestic tax rates in respective countries | 444 | 476 |
| Prior year adjustment - current tax | - | (21) |
| Tax charge | 444 | 455 |

**Unrecognised tax losses**

In addition, the Group has tax losses of AED 24,595,000 (2013: 23,797,000) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries where, presently, insufficient evidence exists that they will be recoverable in the foreseeable future.

## 20 TRADE AND OTHER PAYABLES

| | 2014<br>AED'000 | 2013<br>AED'000 |
|---|---|---|
| Trade payable | 49,227 | 62,796 |
| Refundable deposits | 613,440 | 544,205 |
| Accrued expenses and provisions | 95,840 | 95,421 |
| Advances from customers | 29,962 | 52,375 |
| Retentions payable to contractors | 20,842 | 21,322 |
| Interest accrued | 6,925 | 8,861 |
| Other payables | 40,472 | 39,779 |
| | 856,708 | 824,759 |

The carrying value of trade and other payables is assumed to approximate their fair values due to the short-term nature of trade and other payables. The fair values are within level 3 of the fair value hierarchy.

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| **21 REVENUE** | | |
| Lease rental income (Note 18) | 1,445,378 | 1,315,521 |
| License and registration fees | 130,611 | 121,333 |
| Administrative services | 130,346 | 103,613 |
| Management fee income | 47,558 | 39,914 |
| | 1,753,893 | 1,580,381 |
| **22 COST OF SALES** | | |
| Utilities | 102,907 | 90,484 |
| Amortisation land use right (Note 7) | 90,726 | 90,726 |
| Depreciation (Note 6) | 88,713 | 87,625 |
| Repairs and maintenance | 62,944 | 61,603 |
| Others direct operating costs | 13,272 | 13,636 |
| | 358,562 | 344,074 |
| **23 OTHER OPERATING INCOME** | | |
| Penalty on early termination of long term lease | 23,430 | - |
| Lease transfer, sub-lease income and lease commission | 22,343 | 14,828 |
| Public health services | 13,050 | 11,778 |
| Courier service income | 11,672 | 6,075 |
| Outdoor advertisement revenue | 5,361 | 383 |
| Rent on occupancy post termination | 5,030 | 4,296 |
| Sale of property from repossessed facility | 4,779 | 10,467 |
| Facility manager operating fee income | 4,382 | 4,403 |
| Recovery from contractors in lieu of revenue lost | - | 18,701 |
| Others | 18,162 | 12,941 |
| | 108,209 | 83,872 |
| **24 GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Staff costs (Note 26) | 132,988 | 131,330 |
| Legal and professional fees | 16,942 | 10,969 |
| Expenses recharged by related parties | 9,756 | 12,429 |
| Depreciation (Note 5) | 5,478 | 15,124 |
| Provision for impairment of trade and other receivables (Note 11) | 2,639 | 3,076 |
| Others | 23,955 | 15,854 |
| | 191,758 | 188,782 |
| **25 SELLING AND MARKETING EXPENSES** | | |
| Staff costs (Note 26) | 43,856 | 38,332 |
| Others | 11,417 | 10,858 |
| | 55,273 | 49,190 |

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| **26 STAFF COSTS** | | |
| Salaries and other staff benefits | 162,645 | 155,140 |
| End of service benefits (Note 15) | 5,041 | 5,946 |
| Pension expenses | 9,158 | 8,576 |
| | 176,844 | 169,662 |
| *Included under:* | | |
| General and administrative expenses (Note 24) | 132,988 | 131,330 |
| Selling and distribution expenses (Note 25) | 43,856 | 38,332 |
| | 176,844 | 169,662 |

**27 FINANCE COSTS – NET**

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| *Finance income:* | | |
| Interest income on bank deposits | 8,928 | 6,975 |
| Interest income on balance due from a related party | 19,049 | 21,138 |
| Unwinding of fair value loss of due from a related party | 21,214 | 19,008 |
| Unwinding of fair value loss of other receivables | 21,886 | 10,888 |
| Foreign exchange gain | - | 189,058 |
| | 71,077 | 247,067 |
| *Finance costs:* | | |
| Profit commission on Sukuk | (167,144) | (167,144) |
| Fair value loss on interest rate swaptions | (4,012) | (7,088) |
| Interest on loans from the parent company (Note 9) | - | (88,569) |
| Interest on bank borrowings | (79,382) | (182,994) |
| Amortisation of deferred borrowing costs | (39,838) | (35,634) |
| Foreign exchange loss | (31,018) | - |
| Others | 4,332 | (1,902) |
| | (317,062) | (483,331) |
| | (245,985) | (236,264) |

**28 FINANCIAL INSTRUMENT BY CATEGORY**

| | Loans and receivables AED'000 | Derivatives AED'000 |
|---|---|---|
| **Assets as per balance sheet** | | |
| **31 December 2014** | | |
| Derivative financial instruments | - | 2,651 |
| Trade and other receivables excluding prepayments | 333,047 | - |
| Due from related parties | 129,543 | - |
| Cash and bank balances | 1,861,044 | |
| | 2,323,634 | 2,651 |
| **Assets as per balance sheet** | | |
| **31 December 2013** | | |
| Derivative financial instruments | - | 6,663 |
| Trade and other receivables excluding prepayments | 581,213 | - |
| Due from related parties | 788,298 | - |
| Cash and bank balances | 1,030,366 | - |
| | 2,399,877 | 6,663 |

## 28 FINANCIAL INSTRUMENT BY CATEGORY (continued)

| | Other financial liabilities at amortised cost AED'000 |
|---|---|
| **Financial liabilities per balance sheet** | |
| **31 December 2014** | |
| Trade and other payables excluding customer advances | 856,835 |
| Due to related parties | 13,234 |
| Bank borrowings | 2,085,433 |
| Sukuk borrowing | 2,352,598 |
| | 5,308,100 |
| **Financial liabilities per balance sheet** | |
| **31 December 2013** | |
| Trade and other payables excluding customer advances | 772,384 |
| Due to related parties | 15,167 |
| Bank borrowings | 2,510,521 |
| Sukuk borrowing | 2,346,304 |
| | 5,644,376 |

## 29 CONTINGENCIES AND COMMITMENTS

*a) Operating lease commitments – as lessor*

The Group has commercial property leases on land for which the right of use was granted for 99 years and investment properties, consisting of office accommodation, warehouses and staff accommodation. These non-cancellable leases have remaining terms of between 1 and 15 years. All land leases entered after April 2007 contain a rent review provision whereby the Group will review the rent every 5 years, subject to certain negotiated rent caps.

Future minimum rentals receivable under non-cancellable operating leases:

| | 2014 AED'000 | 2013 AED'000 |
|---|---|---|
| Within one year | 994,122 | 878,962 |
| After one year but not more than five years | 1,946,402 | 1,711,373 |
| More than five years | 2,181,875 | 1,765,511 |
| | 5,122,399 | 4,355,846 |

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