



DP WORLD

DP WORLD LIMITED ANNOUNCES STRONG PRELIMINARY RESULTS For the twelve months ended 31 December 2011

Reported Results (A) before separately disclosed items unless stated (B) USD million	2011	2010	% change	Underlying change (C)
Gross ¹ throughput (TEU '000)	54,737	49,588	10%	-
Consolidated ² throughput (TEU '000)	27,471	27,750	-1%	9%
Revenue	2,978	3,078	-3%	14%
Adjusted EBITDA ³	1,307	1,240	5%	19%
Adjusted EBITDA margin	43.9%	40.3%	-	42.1%
Profit for the year	532	450	18%	24%
Profit for the year attributable to owners of the Company	459	374	23%	-
Profit for the year after separately disclosed items (D)	751	451	67%	-
Profit for the year attributable to owners of the Company after separately disclosed items	683	375	82%	-
Earnings per Share (US cents) after separately disclosed items	82 cents	45 cents	82%	-
Dividend per Share (US cents)	24 cents	17 cents ⁴		-

A. Reported results before separately disclosed items include revenue for the Australia terminals until 11 March 2011 and share of profit from equity-accounted investees from those terminals from 12 March 2011.

B. Before separately disclosed items primarily excludes non-recurring items. Further details can be found in Note 11 of the audited accounts.

C. The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated in DP World's accounts from 12 March 2011 and allows for a better comparison to the prior period.

D. The statutory results include separately disclosed items. Further details can be found in Note 11 of the audited accounts.

Dubai, United Arab Emirates, 29 March, 2012: DP World today announces strong financial results from its global portfolio of marine terminals for the twelve months to 31 December 2011, delivering a better than expected profit attributable to owners of the Company before separately disclosed items of \$459 million, 23 % ahead of last year.

Adjusted EBITDA³ was \$1,307 million with adjusted EBITDA margin of 43.9%. When compared with the prior year, underlying⁵ adjusted EBITDA growth was 19%, ahead of underlying revenue growth of 14% and underlying container volume growth of 9%. We have delivered a sustainable improvement in underlying container revenue per TEU of 5%, increased underlying non-container revenue by 11% and delivered a reduction in our underlying cost per TEU following productivity improvements in parallel with our ongoing discipline around costs.

Each of our three regions has delivered a superior performance when compared with the prior year. In the Middle East, Europe and Africa region, adjusted EBITDA grew 9% to \$861 million, with an adjusted EBITDA margin of 45.7%. In the Asia Pacific & Indian Subcontinent region, adjusted EBITDA increased 26% to \$322 million with a significantly improved adjusted EBITDA margin of 64.5%. The Americas and Australia region delivered adjusted EBITDA of \$203 million or, excluding the deconsolidation of the five Australia terminals, on an underlying basis, delivered adjusted EBITDA growth of 37% and improved adjusted EBITDA margins of 33.1%.

¹ Gross throughput is throughput from all our terminals.

² Consolidated throughput is throughput from all terminals where we have control as defined under IFRS.

³ Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation & Amortization before separately disclosed items including share of profit from equity-accounted investees.

⁴ On 19 May 2011 DP World undertook a 1 for 20 share consolidation, the 2010 dividend has been restated to reflect what the dividend would have been post the share consolidation.

⁵ The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated in DP World's accounts from 12 March 2011 and allows for a better comparison to the prior period.

Profit attributable to owners of the Company after separately disclosed items was \$683 million. This delivered earnings per share (EPS) of 82 cents, considerably ahead of the prior year EPS of 45 cents, due to separately disclosed items⁶ increasing profit by \$225 million.

With strong conversion of profitability into cash, gross cash flow from operations increased to \$1,159 million with net debt reduced to \$3,583 million. This was partly as a result of our improved financial performance and partly due to the proceeds from the monetisation of 75% of our Australian terminals. This results in leverage (net debt to adjusted EBITDA) of 2.7 times and provides a solid platform for investing in the future growth of our operations.

We continue to invest in our operations to ensure that DP World is well positioned to take advantage of the growth in global trade and meet the requirements of our customers. During 2011 we completed and opened major capacity expansion projects in Dakar (Senegal) and Karachi (Pakistan) and opened a new terminal at Vallarpadam (India). Despite these new capacity additions, utilisation remains high, above 80% across our portfolio. High utilisation in Jebel Ali (UAE) is why we will be investing in an additional 1 million TEU of new capacity in 2012 and investing in a new 4 million TEU container terminal which will be operational in 2014. In addition, we have announced that London Gateway (UK) will be operational in the final quarter of 2013.

DP World Group Chairman, Sultan Ahmed Bin Sulayem commented;

“DP World delivered an excellent improvement in profitability during 2011 reporting profit for the year before separately disclosed items of \$532 million. This improvement in profitability is a reflection of our strategy, which sees us focus on the faster growing emerging markets and more profitable origin and destination and gateway cargo. This is also a reflection of our ability to meet our customers’ needs for the right capacity in the right locations and deliver a world class efficient service to ensure we are the port operator of choice around the world.

“Since the decline in global container volumes in 2009, DP World has worked hard to build a more robust and profitable portfolio. We have also continued to invest in our business through the downturn. Our 2011 results reflect this, with a 55% improvement in profit attributable to owners of the Company before separately disclosed items since 2009, as our investments in new terminals mature and we benefit from the inherent operating leverage of our portfolio.

“On account of this strong improvement in underlying profit combined with the additional profit from the Australia monetisation, the Board of DP World is recommending an increased dividend distribution to \$199 million, or 24 US cents per share. The Board is confident of the Company’s ability to continue to generate cash and support our future growth whilst maintaining a stable dividend payout.”

DP World Group Chief Executive, Mohammed Sharaf commented;

“2011 has been another good year for DP World with the second half of the year delivering a better performance than the first half. This improved performance was achieved despite a deteriorating global economic backdrop in the second half.

“We have benefited from the improvement in global container volumes whilst retaining a very clear focus on generating additional revenue, driving productivity and upholding a disciplined approach to cost management. This has resulted in an adjusted EBITDA³ of \$1,307 million and adjusted EBITDA margin ahead of expectations at a record 43.9%.

“We have seen commendable growth throughout our global portfolio and our flagship terminal Jebel Ali (UAE) continues to deliver sustainable EBITDA growth. We have supplemented this solid domestic performance with stronger growth in major terminals outside the UAE as we continue to invest in our portfolio of growth oriented terminals.

⁶ For further information on separately disclosed items see Note 11 to accounts.

“The global macroeconomic uncertainty has continued into 2012. With our portfolio focused on the faster growing emerging markets and more stable O&D markets, we continue to see growth across our portfolio in the first two months of the year, with an 11% improvement in gross volume growth. We remain committed to delivering improved operational and financial performance over 2011.

“As we look ahead, we remain confident about the long term outlook for our industry. We believe our continued investment in existing and new terminals around the world will ensure our portfolio is best positioned to meet the expectations of our customers and should allow us to continue to outperform.”

The Chairman’s Statement, Operating and Financial Review and Financial Statements follow from page 4.

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Analyst and Investor Meeting in Dubai, UAE and Global Conference Calls

There will be a meeting in Dubai and conference calls for debt and equity analysts and investors;

- 1) Meeting for analysts and investors in Dubai, UAE at **1200 noon on Thursday 29 March** at DIFC Conference Centre, The Gate Building 4
- 2) Conference Call at **1200 noon Dubai time (0900 London)** on Thursday 29 March 2012 with CEO Mohammed Sharaf and CFO Yuvraj Narayan
- 3) Conference Call at **1600 Dubai time (1300 London, 0800 New York)** on Thursday 29 March 2012 with CFO Yuvraj Narayan
- 4) A playback of the call will be available shortly after the 12 noon conference call concludes. For the dial in details and playback details please contact investor.relations@dpworld.com.

The presentation accompanying these conference calls will be available on DP World’s website within the investor centre. www.dpworld.com from 0900 UAE time this morning.

Chairman's Statement

2011 has been another good year for DP World, delivering a better than expected improvement in profit attributable to owners of the Company, before separately disclosed items, of \$459 million, 23 % ahead of last year.

This improvement in profitability is a reflection of our strategy which sees us focus on the faster growing emerging markets and more profitable origin and destination cargo, meeting our customers' needs for the right capacity in the right locations and delivering a world class service to our customers to ensure we are the port operator of choice around the world.

Since the decline in global container volumes in 2009, DP World has worked hard to build a more robust and profitable portfolio. We have continued to invest in our business through the downturn creating a balanced global portfolio of cash generative assets. Each terminal is managed locally, to better identify and take advantage of the unique growth opportunities of the local market, with the added value of operational leverage and synergies that come from being part of a global network. Over the last three years, DP World has invested in creating 25% more capacity in new and existing terminal operations, primarily in the faster growing emerging markets.

Since 2009 we have achieved adjusted EBITDA⁷ growth of 22% and an improvement in adjusted EBITDA margins from 38% to 43.9% despite a deceleration of the global economy. This has delivered a 55% improvement in profit attributable to owners of the Company before separately disclosed items, as our investments in new terminals mature and we benefit from the inherent operating leverage of our portfolio.

Strategy

DP World's strategy is to create, develop and manage the most efficient, safe and secure methods of directing the flow of goods through the critical gateways that drive world trade. Underpinning our strategy is our focus on delivering profitable and sustainable growth for the owners of the Company through incremental revenue generation, improved logistical and operational efficiencies and cost management driving cash flow and returns.

Our continuing focus is to ensure that our business is well prepared to respond to the immediate needs of our customers, whether that is in reliability, additional capacity at existing ports, reducing turnaround time of vessels or improving the speed of evacuation of containers from the port. Productivity improvements have been one of the highlights of 2011 with many terminals significantly improving productivity, which in turn further improves DP World customer loyalty and EBITDA margins.

Ours is a long-term industry where concessions are in excess of 30 years and our key top line driver of global trade is expected to continue growing. As shipping lines plan for the future with larger vessels and new trading routes, port operators must follow suit.

Our industry continues to see a shortage of the right capacity in the right locations to meet the medium term needs of our customers. Port operators need to plan ahead to ensure that capacity is available to match changing trends in outsourcing of manufacturing, emerging consumer demand growth and to handle the increasing size of container vessels on order today. DP World is focused on delivering the right capacity in the right locations, in line with market demand, through the expansion of existing terminals within our portfolio, or developing new terminals. In 2011, we added over 5 million TEU of additional capacity through new developments and expansions of existing terminals including in India, Africa and China. Our new port in Vallarpadam (India) opened early in the year and has recently handled the largest vessel ever to call in India.

⁷ Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation before separately disclosed items including share of profit from equity-accounted investees.

Our customers are looking for continual improvements in efficiency as containers are moved on larger vessels to take advantage of economies of scale – the more efficient the port, the quicker the turnaround time of the vessel. Integral to our strategy is investing capital to improve efficiencies around loading and unloading of vessels including new quay cranes. During 2011 DP World has achieved many new productivity records, including record berth moves per hour in Antwerp (Belgium), Doraleh (Djibouti), Jebel Ali (UAE), Karachi (Pakistan), Mundra (India), and Southampton (UK).

Shipping lines and shippers alike are seeking greater efficiencies across the whole supply chain to improve their competitiveness in the marketplace. DP World is seeking to smooth the transport of containers to and from our ports through 'beyond the gate' activities. We have invested in a container train to improve connectivity between the ports and hinterland in the Indian Subcontinent region; we operate a container freight station outside the port gates in Mundra (India) and we have invested in and operate inland depots in Northern Europe and Vancouver (Canada).

Our core business is handling containers and we expect to maintain approximately 80% of our revenues from container related activities. We also remain focused on terminals that are located in origin and destination and gateway markets with approximately 75% of our volumes coming from the faster growing emerging and frontier markets. This combination provides us with more stable revenue and cash flow, higher EBITDA margins and provides more resilience during challenging macroeconomic times.

Financial Strategy

DP World's financial policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

We have a strong balance sheet which provides us with the flexibility to support growth in our existing business, expand capacity in line with market demand and to maximise shareholder value. We seek 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.

The balance sheet is actively managed in line with the long-term nature of our global operations and is best suited to a combination of funding through cash flow from operations, long-term debt at the corporate level and project finance at the individual terminal level. We believe that this should be achieved without leverage (net debt to adjusted EBITDA) exceeding 4 times in the current market environment.

DP World delivered strong cash performance during 2011. Gross cash from operations increased by 5% to \$1,159 million and funded capital expenditure of \$481 million. This strong cash flow, coupled with the proceeds of the monetisation in Australia, which has been held as cash for the majority of 2011, resulted in a significant reduction of net debt to \$3,583 million.

Investment in our Portfolio

Long-term trade growth is forecast to continue and, with larger vessels joining the world fleet, port capacity today remains under pressure with high utilisation rates in some markets and low levels of productivity and efficiency in other markets.

In line with our strategy, DP World is focused on investing for the long-term capacity requirements of our customers, whether it is in developed markets which do not have the efficiencies or capabilities to handle the increasing size of vessels, or in developing markets which have limited container port capacity to meet their growing needs.

During 2011 we added 5.3 million TEU to our global portfolio with major expansion projects at existing terminals Dakar (Senegal), Karachi (Pakistan) and Qingdao (China) as well as opening a new

development in Vallarpadam (India). Despite the new capacity additions, utilisation remains high, above 80% across our portfolio.

During the year we took two very important decisions relating to new capacity. In October, we announced London Gateway (UK) will open in the final quarter of 2013. London Gateway, surrounded by a logistics park, will be the closest deep water port to London and the South East, the largest consumer market in the UK. London Gateway will be capable of handling the world's largest vessels and will have very high levels of productivity delivering a unique service to our customers.

In December, we announced the development of a new terminal in Jebel Ali (UAE) to be operational in 2014. This is in addition to a 1 million TEU expansion of Jebel Ali's Terminal 2. In 2011, Jebel Ali (UAE) grew volumes by 12% as it further cemented its position as a leading hub for trading in the Middle East, India and Africa. The port is now operating at very high levels of utilisation and with current forecasts continuing to show strong growth across the region, additional capacity will be needed if we are to meet the increasing needs of our customers.

Over the last five years we have invested in capacity for an additional 24 million TEU around the world. When taking into account our pipeline of new developments and major expansions, which will be rolled out in line with market demand, by 2020 we anticipate having global capacity handling in excess of 100 million TEU. We continue to see further opportunities to expand our existing terminal facilities through incremental capacity growth as well as adding new concessions in new locations.

Dual Listing

On 1 June 2011, DP World Limited was admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities. There was no new capital raised as part of the listing on the London Stock Exchange. The aim was to provide an additional platform to invest in DP World shares to help attract a broader range of investors, which we are pleased to say we have achieved despite the challenging stock market backdrop since the listing.

DP World shares now trade on both Nasdaq Dubai and the London Stock Exchange with the shares being fully fungible across both exchanges.

Dividend

The Board is recommending a full year dividend of 24 US cents per share (2010: 17 US cents per share⁸). This comprises an increase of 10% in the underlying dividend to 18.7 US cents per share, supplemented by a special dividend of 5.3 US cents per share reflecting the separately disclosed profit attributable to owners of the Company⁹. This will result in a total dividend distribution of \$199 million reflecting continued confidence in our ability to generate cash and support our growth plans whilst maintaining a stable dividend payout.

Subject to approval by shareholders, the dividend will be paid on Wednesday 2 May 2012 to shareholders on the relevant register as at close of business on 10 April 2012.

Outlook Statement

The global macroeconomic uncertainty has continued into 2012. With our portfolio focused on the faster growing emerging markets and more stable O&D markets, we continue to see growth across our portfolio in the first two months of the year, with an 11% improvement in gross volume growth. We remain committed to delivering improved operational and financial performance over 2011.

⁸ DP World undertook a 1 for 20 share consolidation on 19 May 2011. 0.17 cents represented the post consolidation dividend in respect of 2010. The dividend was paid prior to the share consolidation at 0.86 of a US cent.

⁹ See Note 11 for more details about separately disclosed items.

As we look ahead, we remain confident about the long term outlook for our industry. We believe our continued investment in existing and new terminals around the world will ensure our portfolio is best positioned to meet the expectations of our customers and should allow us to continue to outperform.

Sultan Ahmed Bin Sulayem
Chairman

Review of Operational and Financial Results

On 11 March 2011, DP World and Citi Infrastructure Investors (CII), together with one of CII's major investors, formed a strategic partnership to invest in DP World's five container terminals in Australia. DP World continues to operate and manage the five marine terminals. The strategic partnership saw DP World monetise 75% of its shares whilst retaining a 25% shareholding in the new joint venture.

For the purpose of 2011 financial reporting, our ports in Australia are included, as in previous years, in the Australia and Americas region, with all five container ports consolidated until 11 March 2011. From 12 March 2011, the five ports are no longer consolidated in our accounts and are accounted for within equity-accounted investees.

Our revenue has benefited from the inclusion of a full twelve months of revenues from Callao (Peru) which opened at the end of the first half of 2010, and the inclusion of Paramaribo (Suriname) which joined the portfolio in August 2011, offset by the exclusion of revenue from our five terminals in Australia since 12 March 2011.

Our share of profit from equity-accounted investees has benefitted from the inclusion of our five terminals in Australia since 12 March 2011, offset by the exclusion of profit from P&O Trans Australia (POTA) since April 2011 and Marseille (France) since July 2011.

As a global business, we are exposed to currency translation on our reported results. Over the period, the strengthening US dollar had a positive impact on reported adjusted EBITDA.

USD million before separately disclosed items Full details on page 16 onwards	2011	2010	% change	Underlying change (C)
Consolidated ¹⁰ Throughput (TEU '000)	27,471	27,750	-1%	9%
Revenue	2,978	3,078	-3%	14%
Share of profit from equity-accounted investees	142	140	1%	9%
Adjusted EBITDA ¹¹	1,307	1,240	5%	19%
Adjusted EBITDA Margin	43.9%	40.3%	-	42.1%
Profit for the year	532	450	18%	24%
Profit for the year attributable to owners of the Company	459	374	23%	-

C. The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated in DP World's accounts from 12 March 2011 and allows for a better comparison to the prior period.

Revenue for our consolidated terminals⁸ in 2011 was \$2,978 million. Containerised revenue accounted for 79% of our total revenue and was \$2,355 million for the year. Non-container revenue was \$623 million and accounted for 21% of total revenue.

Had the five terminals in Australia not been deconsolidated from 12 March 2011, underlying¹² revenue growth would have been 14% as underlying volume growth of 9% was supported by a 5% increase in underlying container revenue per TEU from a positive pricing environment and additional ancillary revenue. Underlying non-container revenue increased 11%.

We continue to keep a tight control on our costs and have worked hard to move fixed costs to variable costs over the past three years with 64% of our total costs now variable. In 2011, our

¹⁰ Consolidated terminals are all terminals where we have control as defined under IFRS.

¹¹ Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation before separately disclosed items including share of profit from equity-accounted investees.

¹² The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated in DP World's accounts from 12 March 2011 and allows for a better comparison to the prior period.

underlying¹³ costs increased 10%, while our underlying revenue increased 14%, reflecting this continued focus on cost management. In addition, we continue to focus on improving terminal efficiencies so that we can handle more containers for the same or lower cost. In 2011 our underlying cost per TEU at constant currency decreased by 1%.

Our portfolio of terminals accounted for as equity-accounted investees has reported a share of profit of \$142 million. Whilst many of our terminals in this portfolio have reported strong growth during 2011, this was offset by the exclusion of a share of profit from POTA which was divested early in 2011.

Adjusted EBITDA increased 5% to \$1,307 million with an improved adjusted EBITDA margin of 43.9% from 40.3% in the prior year. Whilst the deconsolidation of the Australian terminals enhanced our adjusted EBITDA margin, excluding the positive benefit from this, underlying adjusted EBITDA margins still improved to 42.1%. This adjusted EBITDA margin improvement – slightly ahead of our expectations, is driven by a combination of better revenue generation than expected, improved utilisation to 82% and a successful reduction in cost per TEU.

Like for like container revenue¹⁴ at constant currency grew 10%, ahead of volume growth of 8%, with container revenue per TEU increasing 2% to \$92 as our terminals were able to push through tariff increases and attract more revenue for additional ancillary services. Like for like adjusted EBITDA at constant currency grew 14% with like for like adjusted EBITDA margins at constant currency of 42.1% following a 2% reduction in cost per TEU.

Profit for the year before separately disclosed items of \$532 million is 18% ahead of the prior year on account of the higher adjusted EBITDA and lower depreciation and amortisation due to the Australian terminals no longer being included from 12 March 2011. Profit attributable to owners of the Company after separately disclosed items was \$683 million with earnings per share of USD 82 cents.

During the year, we have continued to invest in our operations with capital expenditure of \$481 million. Almost 80% of this capital expenditure was invested in the Europe, Middle East and Africa region, primarily London Gateway (UK), Southampton (UK) and Dakar (Senegal).

Review of Regional Trading

Europe, Middle East and Africa

USD million before separately disclosed items	2011	2010	% Change
Consolidated ¹⁵ throughput (TEU '000)	19,110	17,503	9%
Revenue	1,884	1,742	8%
Share of profit from equity-accounted investees	14	10	48%
Adjusted EBITDA ¹⁶	861	793	9%
Adjusted EBITDA Margin	45.7%	45.5%	

The strong results in 2011 in the Europe, Middle East and Africa region have been partially offset by the weaker performance in the Middle East (excluding UAE) as we have continued to see a challenging operating environment following the political unrest in the region. That said, the Middle East region worked hard to mitigate a greater decline in performance and we have seen an improvement in the second half of the year in both the Middle East and the region as a whole. There has been focused attention on cost management and improved productivity with

¹³ The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated from 12 March 2011.

¹⁴ Like for like container revenue growth at constant currency excludes the contribution of Callao (Peru) from January to April 2011 which joined the portfolio in Q2 2010 and Paramaribo (Suriname) which joined the portfolio in July 2011 and shows what growth rates and margin would have been like had the five terminals not been deconsolidated from 12 March 2011.

¹⁵ Consolidated throughput is throughput from all terminals where we have control as defined under IFRS.

¹⁶ Adjusted EBITDA is Earnings before Interest, Tax, Depreciation & Amortisation before separately disclosed items including share of profit from equity-accounted investees.

notable new productivity records achieved in Southampton (UK) and in Jebel Ali (UAE) during the year.

Terminals that contributed to revenue for the region reported an increase to \$1,884 million. Container revenue accounted for 78% and was \$1,470 million for the year. Non-container revenue was \$414 million and accounted for 22% of regional revenue.

This 8% increase in revenue to \$1,884 million was driven by a 9% increase in container volumes and slightly improved container revenue per TEU to \$77 as pricing improvements and additional revenue from ancillary services were offset by a change in cargo mix and lower volumes from the Middle East (excluding UAE). Non-container revenue reported a small increase of 3% to \$414 million as the 7% increase in the UAE region non-container cargo was offset by lower non-container cargo in the Middle East (excluding UAE) due to the unrest in the region.

Our share of profit from equity-accounted investees increased to \$14 million as we continued to see an improvement in the performance of key equity-accounted investees in the Europe and Africa region.

Adjusted EBITDA increased 9% to \$861 million with improved adjusted EBITDA margins of 45.7%. This improvement in adjusted EBITDA is driven by improved revenue generation for container and non-container operations, improved productivity and cost management.

Favourable currency movements benefitted our reported results. Like for like revenue growth at constant currency¹⁷ was 7%, driven by volume growth of 9% and container revenue growth of 8%. Container revenue per TEU remained unchanged at \$76 million due to the mix of cargo being handled in the region. Like for like non-container revenue at constant currency improved 2%. Like for like adjusted EBITDA growth at constant currency was 8% with adjusted EBITDA margin at 45.8% as cost per TEU was 2% lower than the prior year.

The UAE reported an increase in container volumes of 12% to 13 million TEU in 2011, growing container revenue by 14% as additional revenue came from both stevedoring and ancillary (storage) activities. In addition, non-container revenue was slightly ahead of expectations growing 7% as infrastructure projects continued into the second half of the year driven by an increase in the import of steel and aluminium.

During 2011, we invested \$379 million across the Europe, Middle East and Africa region with the majority invested in infrastructure for London Gateway (UK) which we announced will open in the final quarter of 2013. Southampton (UK) and Dakar (Senegal) both benefitted from investment in new equipment to ensure they were able to improve efficiencies in the terminals to benefit our customers. Both terminals have subsequently won new customers and achieved productivity milestones.

Asia Pacific and Indian Subcontinent

USD million before separately disclosed items	2011	2010	% Change
Consolidated ¹⁸ throughput (TEU '000)	5,578	5,470	2%
Revenue	500	461	8%
Share of profit from equity-accounted investees	117	96	23%
Adjusted EBITDA ¹⁹	322	255	26%
Adjusted EBITDA Margin	64.5%	55.3%	

¹⁷ Like for like revenue growth at constant currency excludes the exchange rate impact.

¹⁸ Consolidated throughput is throughput from all terminals where we have control as defined under IFRS.

¹⁹ Adjusted EBITDA is Earnings before Interest, Tax, Depreciation & Amortisation before separately disclosed items including share of profit from equity-accounted investees.

The Asia Pacific and Indian Subcontinent region results were positively impacted by the opening of our new terminal in Vallarpadam (India), which replaced the old Cochin terminal, and new expansion capacity in Karachi (Pakistan) and Qingdao (China). The underlying business has also performed extremely strongly on account of a significant focus on revenue generation and cost management driving adjusted EBITDA margins to 64.5% from 55.3%.

Terminals that contributed to consolidated revenue for the region experienced an increase in revenue to \$500 million. Container revenue accounted for 88% and was \$442 million for the year. Non-container revenue was \$58 million and accounted for 12% of regional revenue.

This 8% increase in revenue to \$500 million was driven by a 2% increase in container volumes and a 6% increase in container revenue per TEU to \$79. We saw a positive pricing environment across the region and ancillary revenue growth primarily from Karachi (Pakistan). Non-container revenue continued to report strong growth of 22% to \$58 million as the container rail business in India continued to grow.

Our Asia Pacific and Indian Subcontinent region contributes the majority of the share of profit from equity-accounted investees. For the full year 2011, the region contributed \$117 million, up 23% from 2010. Whilst a key driver of this improvement was due to additional capacity in Qingdao (China), we have continued to see very strong growth across our portfolio of Asia Pacific terminals and had considerable success driving revenue and managing the cost base in 2011.

Adjusted EBITDA increased 26% to \$322 million with improved adjusted EBITDA margin of 64.5%. This improvement in adjusted EBITDA is driven by improved revenue generation for container and non-container operations, increased efficiencies and cost management. In addition, adjusted EBITDA and adjusted EBITDA margin benefitted from the 23% increase in our share of profit from equity-accounted investees.

Excluding the contribution from new terminals and positive currency movements, like for like revenue growth at constant currency²⁰ was 10%, driven by an 8% growth in container revenue as container volumes grew 2% and container revenue per TEU increased 6% to \$80. Like for like non-container revenue at constant currency increased 23%. Like for like adjusted EBITDA at constant currency increased 26% with an adjusted EBITDA margin at 63.3% as cost per TEU was 3% lower than the prior year.

\$16 million of our capital expenditure was spent in the region during the year, for the most part on maintenance capex, aside from some investment in Vallarpadam (India) which opened at the beginning of 2011.

²⁰ Like for like container revenue growth at constant currency excludes exchange rate impact.

Australia and Americas

On 11 March 2011, DP World and Citi Infrastructure Investors (CII), together with one of CII's major investors, formed a strategic partnership to invest in DP World's five container terminals in Australia. DP World continues to operate and manage the five marine terminals. The strategic partnership saw DP World monetise 75% of its shares whilst retaining a 25% shareholding in the new joint venture.

For the purposes of 2011 financial reporting, our terminals in Australia are included, as in previous years, in the Australia and Americas region with all five container ports consolidated until 11 March 2011. From 12 March 2011, the five terminals are no longer consolidated in our accounts and are accounted for as equity-accounted investees.

USD million before separately disclosed items	2011	2010	% Change	Underlying change (c)
Consolidated throughput ²¹ (TEU '000)	2,782	4,777	-42%	17%
Revenue	594	875	-32%	28%
Share of profit from equity-accounted investees	10	35	-71%	-40%
Adjusted EBITDA ²²	203	271	-25%	37%
Adjusted EBITDA Margin	34.2%	31.0%	-	33.1%

C. The underlying change shows what growth rates and margin would have been had the five terminals in Australia continued to be consolidated in DP World's accounts from 12 March 2011 and allows for a better comparison to the prior period.

The Australia and Americas region has continued to deliver strong underlying growth over the prior year. The reported results have been impacted by the deconsolidation of the five terminals in Australia but mitigated by the additional revenue from Callao (Peru), which contributed for the full period and strong growth in non-container revenue led by Buenos Aires (Argentina) which saw an increase in wheat exports and opened a new cruise terminal.

Revenue for our consolidated terminals in 2011 was \$594 million. Containerised revenue accounted for 75% of our total revenue and was \$443 million for the year. Non-container revenue was \$151 million and accounted for 25% of total revenue.

Had our five terminals in Australia not been deconsolidated from 12 March 2011, underlying revenue growth would have been 28% higher than the prior period, driven by an underlying volume growth of 17%. This volume growth was supported by a 9% increase in underlying container revenue per TEU from a positive pricing environment and additional ancillary revenue. Underlying non-container revenue increased 32%.

Our reported share of profit from equity-accounted investees was \$10 million, lower than the same period last year as the inclusion of new profit from our joint venture in Australia was offset by the loss of profit from POTA. DP World sold its remaining shareholding in P&O Trans Australia (POTA) on 17 April 2011.

Adjusted EBITDA was \$203 million with adjusted EBITDA margin of 34.2%. Had the five terminals in Australia not been deconsolidated, underlying adjusted EBITDA would have been 37% ahead of the prior period and underlying adjusted EBITDA margin would have been 33.1%. This increase in adjusted EBITDA was partly attributable to better results across all our terminals in the region and the addition of a full twelve months of Callao (Peru).

Like for like revenue at constant currency grew 14% driven by container revenue growth of 13% as volumes grew 9% and container revenue per TEU increased 4% to \$164 as our terminals were able to push through tariff increases and attract more revenue for ancillary services. Like

²¹ Consolidated throughput is throughput from all terminals where we have control as defined under IFRS.

²² Adjusted EBITDA is Earnings before Interest, Tax, Depreciation & Amortisation before separately disclosed items including share of profit from equity-accounted investees.

for like at constant currency non-container revenue increased 19%. Like for like adjusted EBITDA at constant currency increased 19% with adjusted EBITDA margin of 32.4% and cost per TEU 1% lower than the prior year.

\$84 million of our capital expenditure was spent in the region primarily improving efficiencies at existing operations in the Americas region and investing in a new cruise terminal in Buenos Aires (Argentina) which has helped drive non-container revenues for the region.

Depreciation and Amortisation

Depreciation and amortisation of \$429 million is lower than the prior year due to the terminals in the Australia region no longer being included, mitigated by additional capacity joining the portfolio in the Middle East, Europe and Africa and the Asia Pacific and Indian Subcontinent regions.

Net finance costs

Net finance costs of \$288 million (before separately disclosed items) are slightly lower than expected as we held higher cash balances for the duration of the year.

Higher finance costs of \$423 million when compared to \$368 million last year are due to slightly higher borrowing costs in some of our subsidiary debt. This was offset by higher finance income of \$135 million when compared with \$89 million last year as our cash balances increased to \$4,159 million from the proceeds of the Australia transaction on 11 March 2011.

Interest cover (adjusted EBITDA and net finance costs) has improved to 4.5 times from 4.4 times in 2010.

Taxation

DP World is not subject to income tax on its UAE operations. The tax expense relates to the tax payable on the profit earned by overseas subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. For 2011, DP World's income tax expense was \$59 million before separately disclosed items.

In separately disclosed items, \$7 million of income tax expense has been included relating to the impairment of deferred tax assets in the Middle East, Europe and Africa Region, offset by a tax credit on the impairment of assets in the Australia and Americas region.

The effective tax rate before separately disclosed items was 16.0%, a reduction from 16.7% last year as a result of the deconsolidation of the five terminals in Australia.

Profit attributable to non-controlling interests (minority interest)

Profit attributable to non-controlling interests (minority interest) is slightly lower than the prior year at \$73 million reflecting the change in accounting at Sydney and Adelaide (Australia) from 12 March 2011 when we stopped accounting for the Australia terminals as consolidated terminals.

The key terminals where we have non-controlling interests are Doraleh (Djibouti), Buenos Aires (Argentina), Karachi (Pakistan) and Southampton (UK).

Separately disclosed items

In 2011, DP World had \$219 million of separately disclosed items. The \$484 million profit on sale / termination of business was primarily offset by \$244 million impairment of assets.

The \$484 million primarily relates to \$436 million profit (net of tax) on the monetisation of the Australian terminals and the sale of our interest in POTA, an associate in the Americas and Australia region resulting in a profit (net of tax) of \$50 million.

The \$244 million impairment of net assets in a subsidiary includes \$100 million in the Asia Pacific and Indian Subcontinent region representing the difference between the value in use and the carrying amount as at the reporting date primarily due to changes in external factors outside the control of the Group. In addition it includes \$91 million of investments in equity accounted investees classified as assets held for sale in the Middle East, Europe and Africa region and impairment of property plant and equipment in the Australia and Americas region and the Europe, Middle East and Africa region of \$30 million and \$23 million respectively.

The remaining separately disclosed items relate to a provision of \$3 million against deferred tax assets in an equity accounted investee in the Middle East, Europe and Africa region, a loss of \$11 million on currency options and interest rate swaps relating to the Americas and Australia region and \$13 million of deferred tax assets impaired in a subsidiary in the Middle East, Europe and Africa region, which is offset by \$6 million of tax credit on impairment of assets in the Australia and Americas region.

Capital Expenditure

We have continued to adopt a flexible and discretionary approach to our capital expenditure in 2011, investing \$481 million over the twelve month period.

Investment in new developments accounted for approximately 50% of our total capital expenditure during the year with the majority focused on our new development at London Gateway (UK) which will open in the fourth quarter of 2013. Approximately 35% was invested in expansions at Sokhna (Egypt) and Dakar (Senegal).

Alongside these larger capital investment projects, additional capital expenditure was focused on our existing portfolio to ensure that our terminals are improving efficiencies and productivity or investment in revenue generation and cost saving opportunities; Southampton (UK), Jebel Ali (UAE) and CT3 (Hong Kong) all benefitted from investment leading to improved productivity.

Balance Sheet

In 2011, total assets reduced to \$18.8 billion as at 31 December 2011 and total equity reduced to \$8.2 billion primarily related to currency translation movement.

The group's investment in net assets of equity-accounted investees as at 31 December 2011 remained flat at \$3.5 billion with the addition of the Australia operations mitigated by the sale of our shares in POTA (Australia) and the joint venture that owns Marseille (France). We invested an additional \$12 million in equity-accounted investees including Caucedo (Dominican Republic), Embraport (Brazil) and Rotterdam (Netherlands).

Accounts receivable and pre-payments (non-current) have increased to \$260 million from \$88 million in 2010. This increase relates to long-term shareholder's loan to two of our equity-accounted investees.

Bank and cash balances increased to \$4.2 billion, an increase of \$1.6 billion mainly from the monetisation of our investment in Australia in March 2011.

Cash flow

Gross cash flow from operating activities was \$1,159 million, 5% ahead of last year as a result of a better performance from our terminals. Net cash from investing activities increased to \$1,223 million including the proceeds from the monetisation of the Australian assets.

Net Debt

As at 31 December 2011 our net debt was \$3,583 million. Net debt is significantly lower than the prior year as the \$1,476 million proceeds from the monetisation of investments in Australia, which were received on 11 March 2011, increased bank balances and cash to \$4,158 million. Gross debt decreased from \$7,770 million to \$7,742 million as subsidiary debt increased in Cochin (India) and Dakar (Senegal) following capital investment in additional capacity, in part offset by the repayment of \$197 million of debt across a number of subsidiaries particularly in the Indian Subcontinent.

Long-term corporate bonds totalled \$3.25 billion made up of \$1.75 billion 30 year unsecured MTN due in 2037 and \$1.5 billion 10-year unsecured sukuk due in 2017. In addition we have a fully drawn \$3 billion syndicate loan facility due in October 2012 and \$1.65 billion of debt at the subsidiary level. As at 31 December 2011 leverage (net debt to adjusted EBITDA) was 2.7 times.

On 27 March 2012 DP World announced that it will repay all \$3 billion outstanding under the \$3 billion syndicate loan facility, due to mature in October 2012, by 10 April 2012, using existing cash balances. At the same time DP World will cancel \$2 billion of this facility. The remaining \$1 billion of undrawn facility will be replaced by a new 5-year revolving credit facility of \$1 billion. We are in the final phase of agreeing documentation with the banks that have committed to this new facility and expect it to replace the existing facility shortly.

Return on Capital Employed

DP World has a portfolio of long-term assets with an average concession life of 40 years. As at the end of 2011, 25% of our capacity was less than three years old and is therefore some way from delivering maximum potential EBIT. When calculating return on capital employed (EBIT divided by total assets less current liabilities) for the group, this 25% of immature capacity significantly reduces the overall returns. In 2011, we reported an improved return on capital employed to 6.0% against 4.4% in 2010. Subject to the age profile of our portfolio at any one time, we would expect to deliver improved returns on capital employed as terminals mature and generate significantly higher cash flow.

Mohammed Sharaf
Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

DP World Limited and its subsidiaries
Consolidated income statement
for the year ended 31 December 2011

	Notes	Year ended 31 December 2011			Year ended 31 December 2010		
		Before separately disclosed items USD'000	Separately disclosed items (Note 11) USD'000	Total USD'000	Before separately disclosed items USD'000	Separately disclosed items (Note 11) USD'000	Total USD'000
Revenue from operations	7	2,977,731	-	2,977,731	3,078,076	110,865	3,188,941
Cost of sales		(2,005,159)	-	(2,005,159)	(2,126,965)	(110,865)	(2,237,830)
Gross profit		972,572	-	972,572	951,111	-	951,111
General and administrative expenses		(256,961)	(243,862)	(500,823)	(329,576)	(3,700)	(333,276)
Other income		21,029	-	21,029	20,324	8,905	29,229
Share of profit/ (loss) from equity-accounted investees (net of tax)	15	141,711	(3,047)	138,664	140,203	244	140,447
Profit on sale/ termination of business (net of tax)	11	-	484,354	484,354	-	13,200	13,200
Results from operating activities		878,351	237,445	1,115,796	782,062	18,649	800,711
Finance income	9	135,361	-	135,361	89,395	-	89,395
Finance costs	9	(422,931)	(10,770)	(433,701)	(368,223)	(17,583)	(385,806)
Net finance costs		(287,570)	(10,770)	(298,340)	(278,828)	(17,583)	(296,411)
Profit before income tax		590,781	226,675	817,456	503,234	1,066	504,300
Income tax expense	10	(59,042)	(7,211)	(66,253)	(53,174)	-	(53,174)
Profit for the year	8	531,739	219,464	751,203	450,060	1,066	451,126
Profit attributable to:							
Owners of the Company		458,620	224,672	683,292	373,741	1,066	374,807
Non-controlling interests		73,119	(5,208)	67,911	76,319	-	76,319
		531,739	219,464	751,203	450,060	1,066	451,126
Earnings per share							
Basic and diluted earnings per share – US cents (restated)	22			82.32			45.16

The accompanying notes 1 to 35 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 2011

	<i>Notes</i>	2011 USD'000	2010 USD'000
Profit for the year		751,203	451,126
		-----	-----
Other comprehensive income			
Foreign exchange translation differences for foreign operations *		(202,057)	164,671
Foreign exchange (loss)/ profit recycled to consolidated income statement		(425,773)	500
Effective portion of net changes in fair value of cash flow hedges		(52,308)	(35,495)
Net change in cash flow hedges recycled to consolidated income statement		-	8,974
Net change in fair value of available-for-sale financial assets	<i>16</i>	8,939	1,139
Defined benefit plan actuarial (loss)/ gain	<i>24</i>	(110,400)	55,100
Share in other comprehensive income of equity-accounted investees		(10,268)	500
<i>Income tax on other comprehensive income:</i>			
Fair value of cash flow hedges		14,595	4,500
Defined benefit plan actuarial gain/ (loss)		2,245	(1,100)
		-----	-----
Other comprehensive income for the year, net of income tax		(775,027)	198,789
		-----	-----
Total comprehensive income for the year		(23,824)	649,915
		=====	=====
Total comprehensive income attributable to:			
Owners of the Company		(82,589)	588,124
Non-controlling interests		58,765	61,791
		-----	-----
		(23,824)	649,915
		=====	=====

* This includes a significant portion of foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. Furthermore, 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 35 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 2011

	<i>Notes</i>	2011 USD'000	2010 USD'000
Assets			
Non-current assets			
Property, plant and equipment	<i>12</i>	5,124,120	5,086,217
Goodwill	<i>13</i>	1,607,655	1,670,301
Port concession rights	<i>13</i>	3,223,958	3,577,813
Investment in equity-accounted investees	<i>15</i>	3,451,264	3,474,113
Deferred tax assets	<i>10</i>	101,212	86,385
Other investments	<i>16</i>	73,193	65,868
Accounts receivable and prepayments	<i>17</i>	260,114	88,378
		-----	-----
Total non-current assets		13,841,516	14,049,075
		-----	-----
Current assets			
Inventories		54,979	52,797
Accounts receivable and prepayments	<i>17</i>	624,020	653,216
Bank balances and cash	<i>18</i>	4,159,364	2,519,616
Assets held for sale	<i>28</i>	77,706	2,084,840
		-----	-----
Total current assets		4,916,069	5,310,469
		-----	-----
Total assets		18,757,585	19,359,544
		=====	=====

DP World Limited and its subsidiaries

Consolidated statement of financial position (continued) as at 31 December 2011

	<i>Notes</i>	2011 USD'000	2010 USD'000
Equity			
Share capital	<i>19</i>	1,660,000	1,660,000
Share premium	<i>20</i>	2,472,655	2,472,655
Shareholders' reserve	<i>20</i>	2,000,000	2,000,000
Retained earnings		2,367,164	1,823,491
Hedging and other reserves	<i>20</i>	(104,408)	(64,658)
Actuarial reserve	<i>20</i>	(352,402)	(249,700)
Translation reserve	<i>20</i>	(586,555)	40,074
		-----	-----
Total equity attributable to equity holders of the Company		7,456,454	7,681,862
Non-controlling interests		765,013	814,064
		-----	-----
Total equity		8,221,467	8,495,926
		-----	-----
Liabilities			
Non-current liabilities			
Deferred tax liabilities	<i>10</i>	1,078,355	1,107,273
Employees' end of service benefits	<i>23</i>	49,393	45,988
Pension and post-employment benefits	<i>24</i>	235,750	174,900
Interest bearing loans and borrowings	<i>25</i>	4,563,309	7,420,299
Accounts payable and accruals	<i>26</i>	467,240	368,152
		-----	-----
Total non-current liabilities		6,394,047	9,116,612
		-----	-----
Current liabilities			
Income tax liabilities	<i>10</i>	169,585	84,304
Bank overdrafts	<i>18</i>	1,017	3,000
Pension and post-employment benefits	<i>24</i>	12,621	14,500
Interest bearing loans and borrowings	<i>25</i>	3,178,446	349,447
Accounts payable and accruals	<i>26</i>	780,402	939,562
Liabilities held for sale	<i>28</i>	-	356,193
		-----	-----
Total current liabilities		4,142,071	1,747,006
		-----	-----
Total liabilities		10,536,118	10,863,618
		-----	-----
Total equity and liabilities		18,757,585	19,359,544
		=====	=====

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

DP World Limited and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December 2011

	Attributable to equity holders of the Company							Non-controlling interest USD'000	Total equity USD'000	
	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
Balance as at 1 January 2011	1,660,000	2,472,655	2,000,000	1,823,491	(64,658)	(249,700)	40,074	7,681,862	814,064	8,495,926
Total comprehensive income for the year:										
Profit for the year	-	-	-	683,292	-	-	-	683,292	67,911	751,203
Total other comprehensive income, net of income tax	-	-	-	-	(36,550)	(102,702)	(626,629)	(765,881)	(9,146)	(775,027)
Total comprehensive income for the year	-	-	-	683,292	(36,550)	(102,702)	(626,629)	(82,589)	58,765	(23,824)
Transactions with owners, recorded directly in equity										
Dividends paid (refer to note 21)	-	-	-	(142,760)	-	-	-	(142,760)	-	(142,760)
Settlement of share-based payment transactions	-	-	-	-	(3,200)	-	-	(3,200)	-	(3,200)
Total transactions with owners	-	-	-	(142,760)	(3,200)	-	-	(145,960)	-	(145,960)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without change in control *	-	-	-	3,141	-	-	-	3,141	(20,141)	(17,000)
Transactions with non-controlling interests, recorded directly in equity										
Dividends paid	-	-	-	-	-	-	-	-	(51,665)	(51,665)
Derecognition of non-controlling interests on monetisation of investment in subsidiaries	-	-	-	-	-	-	-	-	(51,763)	(51,763)
Acquisition of subsidiary with non-controlling interests (refer to note 30)	-	-	-	-	-	-	-	-	15,753	15,753
Total transactions with non-controlling interests	-	-	-	3,141	-	-	-	3,141	(107,816)	(104,675)
Balance as at 31 December 2011	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

* During the year, the Group acquired an additional 10% non-controlling interest of USD 20,141 thousand in a subsidiary in 'Australia & Americas' region for a consideration of USD 17,000 thousand resulting in a gain on acquisition.

The accompanying notes 1 to 35 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

For the year ended 31 December 2010

	Attributable to equity holders of the Company							Total USD'000	Non-controlling interest USD'000	Total equity USD'000
	Share capital USD'000	Share premium USD'000	Shareholders' reserve USD'000	Retained earnings USD'000	Hedging and other reserves USD'000	Actuarial reserves USD'000	Translation reserves USD'000			
Balance as at 1 January 2010	1,660,000	2,472,655	2,000,000	1,584,804	(49,864)	(302,300)	(134,347)	7,230,948	806,497	8,037,445
Total comprehensive income for the year:										
Profit for the year	-	-	-	374,807	-	-	-	374,807	76,319	451,126
Total other comprehensive income, net of income tax	-	-	-	-	(13,704)	52,600	174,421	213,317	(14,528)	198,789
Total comprehensive income for the year	-	-	-	374,807	(13,704)	52,600	174,421	588,124	61,791	649,915
Transactions with owners, recorded directly in equity										
Dividends paid (refer to note 21)	-	-	-	(136,120)	-	-	-	(136,120)	-	(136,120)
Settlement of share-based payment transactions	-	-	-	-	(1,090)	-	-	(1,090)	-	(1,090)
Total transactions with owners	-	-	-	(136,120)	(1,090)	-	-	(137,210)	-	(137,210)
Transactions with non-controlling interests, recorded directly in equity										
Dividends paid	-	-	-	-	-	-	-	-	(54,834)	(54,834)
Amounts contributed by non-controlling interests	-	-	-	-	-	-	-	-	610	610
Total transactions with non-controlling interests	-	-	-	-	-	-	-	-	(54,224)	(54,224)
Balance as at 31 December 2010	1,660,000	2,472,655	2,000,000	1,823,491	(64,658)	(249,700)	40,074	7,681,862	814,064	8,495,926

The accompanying notes 1 to 35 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 2011

	<i>Notes</i>	2011 USD'000	2010 USD'000
Cash flows from operating activities			
Profit for the year		751,203	451,126
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8	672,973	462,090
Share of profit from equity-accounted investees (net of tax)		(138,664)	(140,447)
Finance costs	9	433,701	385,806
Gain on sale of property, plant and equipment		(6,928)	(866)
Profit on sale and termination of business		(484,354)	(13,200)
Finance income	9	(135,361)	(89,395)
Income tax expense	10	66,253	53,174
		-----	-----
Gross cash flow from operations		1,158,823	1,108,288
Change in inventories		(2,637)	(265)
Change in accounts receivable and prepayments		60,374	69,811
Change in accounts payable and accruals		(114,941)	169,132
Change in provisions, pensions and post-employment benefits		(48,575)	10,115
		-----	-----
Cash generated from operating activities		1,053,044	1,357,081
Income taxes paid		(72,687)	(82,139)
		-----	-----
Net cash from operating activities		980,357	1,274,942
		-----	-----
Cash flows from investing activities			
Additions to property, plant and equipment	12	(449,508)	(710,126)
Acquisition of land	12	-	(191,982)
Additions to port concession rights	13	(31,673)	(226,606)
Proceeds from disposal of property, plant and equipment and port concession rights		31,559	16,169
Proceeds from monetisation of investment in subsidiaries		1,476,093	-
Cash outflow on monetisation of investment in subsidiaries		(71,444)	-
Net cash outflow on acquisition of interest in a subsidiary	30	(31,315)	-
Cash outflow on acquisition of non-controlling interests		(17,000)	-
Interest received		108,980	79,217
Proceeds from sale of investment in equity-accounted investees		111,230	16,834
Dividends received from equity-accounted investees		160,588	137,215
Additional investment in equity-accounted investees		(11,527)	(16,535)
Net loan (given to)/ repaid by equity-accounted investees		(53,385)	25,200
		-----	-----
Net cash from/ (used in) investing activities		1,222,598	(870,614)
		-----	-----

DP World Limited and its subsidiaries

Consolidated statement of cash flows (continued)

For the year ended 31 December 2011

	<i>Notes</i>	2011 USD'000	2010 USD'000
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		(197,457)	(617,517)
Drawdown of interest bearing loans and borrowings		216,024	439,748
Interest paid		(447,405)	(358,899)
Dividend paid to the owners of the Company		(142,760)	(136,120)
Dividends paid to non-controlling interests		(51,665)	(54,834)
Amounts contributed by non-controlling interests		-	610
		-----	-----
Net cash used in financing activities		(623,263)	(727,012)
		-----	-----
Net increase/ (decrease) in cash and cash equivalents		1,579,692	(322,684)
Cash and cash equivalents as at 1 January		2,567,516	2,898,566
Effect of exchange rate fluctuations on cash held		11,139	(8,366)
		-----	-----
Cash and cash equivalents as at 31 December	<i>18</i>	4,158,347	2,567,516
		=====	=====
<i>Cash and cash equivalents comprise of the following:</i>			
Bank balances and cash		4,159,364	2,519,616
Cash classified as held for sale		-	50,900
Bank overdrafts		(1,017)	(3,000)
		-----	-----
Cash and cash equivalents		4,158,347	2,567,516
		=====	=====

The accompanying notes 1 to 35 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

Notes to consolidated financial statements

(forming part of the financial statements)

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 2011 comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interests in associates and jointly controlled entities. 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 as a result the Company was listed on the Nasdaq Dubai (formerly known as Dubai International Financial Exchange) 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 Parent Group”).

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”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretation Committee (IFRIC) interpretations.

The consolidated financial statements were approved by the Board of Directors on 29 March 2012.

(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 4.

(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 5 sets out the Group’s objectives, policies and processes for managing the Group’s financial risk including capital management and note 29 provides details of the Group 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 2011, the Group has net debt of USD 3,583,408 thousand (2010: USD 5,253,130 thousand). The Group’s credit facility covenants are currently well within the covenant limits. The Group generated gross cash of USD 1,158,823 thousand (2010: USD 1,108,288 thousand) from operating activities and its interest cover for the year is 4.5 times (2010: 4.4 times) (calculated using adjusted EBITDA and net finance cost).

Based on the above, the Board of Directors have concluded that the going concern basis of preparation continues to be appropriate.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

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 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) 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:

(i) Provision for income taxes and deferred tax assets

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 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.

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.

(ii) 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 generally considered as prolonged.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

2 Basis of preparation (*continued*)

(e) Use of estimates and judgements (*continued*)

(a) Judgements (*continued*)

(iii) *Fair value of financial instruments*

Where the fair value of financial assets and financial liabilities recorded in the 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.

(iv) *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.

(b) 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:

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies

The accounting policies set out below have been applied consistently in the period 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. This involves recognising identifiable assets (including previously unrecognised port concession rights) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. All acquisition-related costs are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. 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. 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.

(iii) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests 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 adjustments to non-controlling interests arising from the transactions that do not involve the loss of control are based on a proportionate amount of the carrying value of net assets of the subsidiary.

(iv) Special purpose entities

The Group has established DP World Sukuk Limited (a limited liability company incorporated in the Cayman Islands) as a special purpose entity (“SPE”) 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 SPE is consolidated based on an evaluation of the substance of its relationship with the Group and based on the SPE’s risks and rewards, the Group concludes that it controls the SPE. The SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPE’s management and it results in the Group receiving the majority of the benefits related to the SPE’s operations and net assets, being exposed to risks incident to the SPE’s activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

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

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (*continued*)

(a) Basis of consolidation (*continued*)

(v) *Investments in associates and joint ventures (equity-accounted investees) (continued)*

Investment in associates and joint ventures (equity-accounted investees) are accounted for using the equity method and are initially recorded at cost. The Group's investment includes goodwill identified on acquisition, 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. The transactions between the Group and associates and joint ventures are made at normal market prices.

(vi) *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, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vii) *Transactions eliminated on consolidation*

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

(b) Foreign currency

(i) *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 other comprehensive income (refer to note 3b (iii)).

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(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 other comprehensive income and presented in the translation reserve in equity.

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 other comprehensive income, and presented in the translation reserve in equity.

(iii) Hedge of net investment in 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 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 comprehensive income. When the hedged part of a net investment is disposed off, the associated cumulative amount in other comprehensive income is transferred to the consolidated income statement 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, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) 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 amounts, due from related parties and, cash and cash equivalents.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (*continued*)

(c) Financial instruments (*continued*)

(i) *Non-derivative financial assets (continued)*

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 amounts, due from related parties and trade and other receivables.

Bank balances and cash

Bank balances and cash in the statement of financial position comprise cash in hand, bank balances and short-term deposits under lien with an original maturity of three months or less.

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 are recognised in 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 comprise 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Initial recognition and measurement (continued)

All non-derivative financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus, directly attributable transaction costs.

The Group initially recognises debt securities issued and subordinated liabilities on the date they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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.

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.

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. As per IAS 39, 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. The Group's accounting policy also requires a qualitative assessment to assess extinguishment. Some of the factors considered in performing a qualitative assessment include change in interest basis, extension of debt tenor, 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 expires.

(iii) Derivative financial instruments

The Group holds derivative financial instruments 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derivative financial instruments (continued)

Derivative instruments that are not designated as hedging instruments in hedge relationships as defined by IAS 39 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 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 the other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity.

When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the consolidated income statement in the same period that the hedged item affects the consolidated income statement. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in 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 other comprehensive income remains there until the forecast transaction occurs.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the 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 3(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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 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 commencing 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 a freehold land.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 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	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. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated income statement.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses (refer to note 3(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 comprises 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 3(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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 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 in the expense category consistent with the function of port concession rights.

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 – 77 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (*continued*)

(h) Leases

(i) *Group as a lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the consolidated 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. 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.

(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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(i) Impairment (continued)

(i) *Financial assets (continued)*

(b) *Loans and receivables and held to maturity investments*

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.

(c) *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 generally 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 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.

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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(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.

(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 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 benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated income statement.

When the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and 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.

Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised in the period in which they arise directly in 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(l) Employee benefits (continued)

(i) Pension and post-employment benefits (continued)

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.

(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.

(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 comprises 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

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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 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.

(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 other comprehensive income. Income tax expense also includes any interest, fines and penalties payable to tax authorities.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax 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.

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 deferred tax liabilities are offset, if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority or different taxable entities where there is an intention to settle the balance on a net basis.

(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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(q) Discontinued operation (continued)

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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(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 comprise mainly 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 yet effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these consolidated financial statements. These are:

- IFRS 9-*Financial Instruments (2009 and 2010)* –The standard is effective for annual periods beginning on or after 1 January 2015 and will change the classification and measurement of financial assets.
- IFRS 10-*Consolidated Financial Statements* –The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 11- *Joint Arrangements* –The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 12- *Disclosure of Involvement with Other Entities* –The standard is effective for annual periods beginning on or after 1 January 2013.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

3 Significant accounting policies (continued)

(u) New standard and interpretation not yet effective (continued)

- IFRS 13- *Fair Value Measurement* –The standard is effective for annual periods beginning on or after 1 January 2013.
- IAS 19 (Revised 2011) – Employee Benefits – The standard is effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures – The standard is effective for annual periods beginning on or after 1 January 2013.
- IAS 31 (Revised 2011) – Interests in Joint Ventures – The standard is effective for annual periods beginning on or after 1 January 2013.

The management anticipates that the above standards and interpretations will be adopted by the Group to the extent applicable to them from their effective dates. The extent of the impact on adoption of these standards, amendments and interpretations has not been determined.

4 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 investments in unquoted bonds 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 purpose 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

4 **Determination of fair values (continued)**

(vi) *Non-derivative financial liabilities*

Fair value for quoted bonds is based on their clean 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.

5 **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.

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.

(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 after taking into account the impact of the current global financial crisis on the Group's major customers.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

5 Financial risk management (continued)

Other financial assets

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

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

Financial guarantees

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

(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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

5 Financial risk management (*continued*)

(c) Market risk (*continued*)

(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 62% (2010: 71%) with the result that the Group's USD consolidated statement of financial position, and in particular owner'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 3,227,385 thousand of the Group's outstanding debt as at the reporting date.

Approximately USD 4,134,229 thousand (2010: USD 4,172,700 thousand) of the Group's interest bearing loans and borrowings comprising US Dollar, Great British Pound, Indian Rupee, and Canadian Dollar borrowings carried interest at floating rates. 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 2011, after taking into account the effect of interest rate swaps, approximately 68% (2010: 70%) of the Group's borrowings are at a fixed rate of interest.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

5 Financial risk management (*continued*)

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. 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 2011 and 2010 were as follows:

	2011	2010
	USD'000	USD'000
Total interest bearing loans and borrowings (refer to note 25)	7,741,755	7,769,746
Less: cash and cash equivalents (refer to note 18)	(4,158,347)	(2,516,616)
	-----	-----
Total net debt	3,583,408	5,253,130
	=====	=====
Adjusted EBITDA (refer to note 6)	1,307,462	1,240,452
	=====	=====
Net finance cost before separately disclosed items (refer to note 6)	287,570	278,828
	=====	=====
Net debt/ adjusted EBITDA	2.7	4.2
	==	==
Interest cover before separately disclosed items	4.5	4.4
	==	==

The reduction in net debt is mainly due to monetisation of 75% interest in Australia operations.

6 Segment information

Based on the internal management reports (based on IFRS) that 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.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Board of Directors.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

6 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	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
(Including separately disclosed items)												
Revenue from operations	499,765	571,740	594,065	875,474	1,883,901	1,741,727	-	-	-	-	2,977,731	3,188,941
Segment results from operations *	118,471	157,913	589,973	169,154	490,986	556,919	(149,887)	(136,449)	-	-	1,049,543	747,537
Net finance costs	-	-	-	-	-	-	(298,340)	(296,411)	-	-	(298,340)	(296,411)
Profit/ (loss) for the year	118,471	157,913	589,973	169,154	490,986	556,919	(448,227)	(432,860)	-	-	751,203	451,126

* 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

6 Segment information (continued)

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Segment assets	5,076,106	5,344,059	1,847,887	3,755,601	8,031,636	8,443,788	11,185,296	9,517,703	(7,383,340)	(7,701,607)	18,757,585	19,359,544
Segment liabilities	422,189	417,988	227,370	513,349	1,414,480	1,302,420	7,810,438	8,388,042	(586,299)	(949,758)	9,288,178	9,672,041
Tax liabilities *	-	-	-	-	-	-	1,247,940	1,191,577	-	-	1,247,940	1,191,577
Total liabilities	422,189	417,988	227,370	513,349	1,414,480	1,302,420	9,058,378	9,579,619	(586,299)	(949,758)	10,536,118	10,863,618
Capital expenditure (excluding acquisition of land)	15,954	241,020	84,279	244,187	378,668	448,403	2,280	3,122	-	-	481,181	936,732
Acquisition of land	-	-	-	-	-	191,982	-	-	-	-	-	191,982
Depreciation	32,504	36,465	61,103	77,087	194,133	181,170	5,137	4,338	-	-	292,877	299,060
Amortisation/ impairment	170,231	62,568	37,371	45,311	172,494	55,151	-	-	-	-	380,096	163,030
Share of profit of equity-accounted investees before separately disclosed items	117,354	95,763	10,107	34,800	14,250	9,640	-	-	-	-	141,711	140,203
Tax expense before separately disclosed items	-	-	-	-	-	-	59,042	53,174	-	-	59,042	53,174

* 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)

6 Segment information (continued)

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) – Adjusted

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Revenue before separately disclosed items	499,765	460,875	594,065	875,474	1,883,901	1,741,727	-	-	-	-	2,977,731	3,078,076
Adjusted EBITDA	322,158	254,746	203,142	271,403	860,660	793,240	(78,498)	(78,937)	-	-	1,307,462	1,240,452
Net finance costs	-	-	-	-	-	-	(287,570)	(278,828)	-	-	(287,570)	(278,828)
Tax expense	-	-	-	-	-	-	(59,042)	(53,174)	-	-	(59,042)	(53,174)
Depreciation and amortisation	(102,772)	(99,033)	(68,481)	(118,698)	(252,721)	(236,321)	(5,137)	(4,338)	-	-	(429,111)	(458,390)
Adjusted net profit/ (loss) for the year before separately disclosed items	219,386	155,713	134,661	152,705	607,939	556,919	(430,247)	(415,277)	-	-	531,739	450,060
Adjusted for separately disclosed items	(100,915)	2,200	455,312	16,449	(116,953)	-	(17,980)	(17,583)	-	-	219,464	1,066
Profit/ (loss) for the year	118,471	157,913	589,973	169,154	490,986	556,919	(448,227)	(432,860)	-	-	751,203	451,126

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

7 Revenue from operations (including separately disclosed items)

	2011	2010
	USD'000	USD'000
<i>Revenue from operations comprise of:</i>		
Containerized stevedoring revenue	1,382,642	1,606,914
Containerized other revenue	973,073	905,503
Non-containerized revenue	622,016	565,659
Service concession revenue	-	110,865
	-----	-----
	2,977,731	3,188,941
	=====	=====

The Group does not have any customer which contributes more than 10 per cent of the Group's total revenue.

8 Profit for the year (including separately disclosed items)

	2011	2010
	USD'000	USD'000
<i>Profit for the year is stated after charging the following costs:</i>		
Staff costs	575,143	674,577
Depreciation, amortisation and impairment	672,973	462,090
Operating lease rentals	412,398	377,705
	=====	=====

9 Finance income and expenses (including separately disclosed items)

	2011	2010
	USD'000	USD'000
Financial income		
Interest income	123,392	82,405
Exchange gains	7,350	6,590
Other net financing income in respect of pension plans	4,619	400
	-----	-----
	135,361	89,395
	-----	-----
Financial expenses		
Interest payable	(378,563)	(357,164)
Exchange losses	(44,344)	(6,859)
Other net financing expense in respect of pension plans	(24)	(4,200)
	-----	-----
	(422,931)	(368,223)
	-----	-----
Finance costs before separately disclosed items	(422,931)	(368,223)
Adjusted for separately disclosed items	(10,770)	(17,583)
	-----	-----
Finance costs after separately disclosed items	(433,701)	(385,806)
	=====	=====
Net finance costs after separately disclosed items	(298,340)	(296,411)
	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

10 Income tax

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

	2011 USD'000	2010 USD'000
Current income tax expense		
Current year	58,190	47,125
Adjustment for prior periods	2,538	2,791
	-----	-----
	60,728	49,916
Deferred tax (credits)/ expense	(1,686)	3,258
	-----	-----
	59,042	53,174
	-----	-----
Income tax expense from continuing operations	59,042	53,174
Tax on separately disclosed items	7,211	-
	-----	-----
Total tax expenses	66,253	53,174
Share of income tax of equity-accounted investees	42,321	37,111
	-----	-----
Total tax charge	108,574	90,285
	=====	=====
Current income tax liabilities	169,585	84,304
	=====	=====

All tax items included within separately disclosed items are detailed in note 11.

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 35.0%
Australia and Americas	15.0% to 36.0%
Middle East, Europe and Africa	0% to 34.0%
	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

10 Income tax (continued)

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

	2011	2010
	USD'000	USD'000
Net profit before tax	817,456	504,300
	=====	=====
Tax at the Group's domestic tax rate	-	-
Higher income tax on foreign earnings	439,146	96,941
Permanent differences including non-taxable income and non-deductible expenses	(385,070)	4,929
Tax charge on equity-accounted investees	42,321	37,111
Current year losses not recognised for deferred tax asset	29,978	17,700
Brought forward losses utilised	(247)	(6,186)
Deferred tax in respect of fair value adjustments	(28,529)	(48,787)
Others	(547)	(34,410)
	-----	-----
Tax expense before prior year adjustments	97,052	67,298
Tax under provided in prior periods:		
- current tax	2,538	2,791
- deferred tax	8,984	20,196
	-----	-----
Total tax expense from operations	108,574	90,285
Adjustment for separately disclosed items	(7,211)	-
	-----	-----
Total tax expenses from continuing operations	(A) 101,363	90,285
	=====	=====
Net profit before tax	817,456	504,300
Adjustment for separately disclosed items	(226,675)	(1,066)
Adjustment to share of income tax of equity-accounted investees	42,321	37,111
	-----	-----
Adjusted profit before tax and before separately disclosed items	(B) 633,102	540,345
	=====	=====
Effective tax rate before separately disclosed items	(A/B) 16.01%	16.71%
	=====	=====

Unrecognised deferred tax assets

Deferred tax is not recognised on trading losses of USD 428,749 thousand (2010: USD 450,451 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 303,676 thousand (2010: USD 427,745 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax is also not recognised on capital and other losses of USD 365,423 thousand (2010: USD 451,017 thousand) due to the fact that their utilisation is uncertain.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

10 Income tax (continued)

Movement in temporary differences during the year:

	1 January 2011 USD'000	Recognised in consolidated income statement USD'000	Translation and other movements USD'000	31 December 2011 USD'000
<i>Deferred tax liability</i>				
Property, plant and equipment	139,737	(7,191)	4,333	136,879
Investment in equity-accounted investees	17,232	4,217	(230)	21,219
Fair value adjustment on acquisitions	521,171	(26,165)	(2,953)	492,053
Financial instruments	2,219	-	(2,219)	-
Others	426,914	(6,304)	7,594	428,204
	-----	-----	-----	-----
Total	1,107,273	(35,443)	6,525	1,078,355
	=====	=====	=====	=====
<i>Deferred tax assets</i>				
Property, plant and equipment	4,597	107	1,827	6,531
Employees' end of service benefits	12,190	(5,008)	2,306	9,488
Deferred financing charges	1,213	(1,260)	47	-
Financial instruments	-	-	14,185	14,185
Provisions	2,952	(2,035)	31,629	32,546
Tax value of losses carried forward recognised	48,061	(28,131)	2,863	22,793
Others	17,372	2,569	(4,272)	15,669
	-----	-----	-----	-----
Total	86,385	(33,758)	48,585	101,212
	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

11 Separately disclosed items

	2011 USD'000	2010 USD'000
Construction contract revenue	-	110,865
Construction contract costs	-	(110,865)
Impairment of assets	(243,862)	(3,700)
Other income	-	8,905
Share of (loss)/ profit of equity-accounted investees	(3,047)	244
Profit on sale/ termination of business	484,354	13,200
Loss on currency options and interest rate swaps	(10,770)	(17,583)
Income tax expense	(7,211)	-
	-----	-----
	219,464	1,066
	=====	=====

Construction contract revenue and costs 2011: Nil (2010: USD 110,865 thousand represented the revenue recorded in accordance with IFRIC 12 'Service Concession Arrangements' on construction of a port in 'Asia Pacific and Indian subcontinent' region. The construction revenue represented the fair value of the construction services provided in developing the port. No margin was recognised, as in management's opinion the fair value of the construction services provided approximates to the construction cost).

Impairment of assets represents the following:

- Impairment of net assets in a subsidiary of USD 99,963 thousand in 'Asia Pacific and Indian subcontinent' region representing the difference between the value in use and the carrying amount as at the reporting date. The impairment is primarily due to the change in external factors which are outside the control of the Group.
- Impairment of USD 91,016 thousand of investments in equity-accounted investees, representing the difference between the fair value less cost to sell and the carrying amount as at the reporting date. The fair value less cost to sell is derived from the sale consideration.
- Impairment of property, plant and equipment of USD 29,993 thousand in the 'Australia and Americas' region and USD 22,890 thousand in the 'Middle East, Europe and Africa' region (2010: mainly represents impairment on a property held in the 'Australia and Americas' region). The impairment is mainly due to the change in market conditions which are outside the control of the Group.

Other income 2011: Nil (2010: insurance claim settlements of a non-recurring nature in the 'Australia and Americas' region).

Share of loss from equity accounted investees represents USD 3,047 thousand impairment of deferred tax assets in an equity accounted investee in the 'Middle East, Europe and Africa' region.

Profit on sale and termination of business relates to the profit (net of tax) of USD 435,509 thousand on monetisation of 75% interest in the Australia Ports business and sale of interest in an associate in the 'Australia and Americas' region resulting in a profit (net of tax) of USD 49,796 thousand. The profit on sale and termination of business includes foreign exchange reserves recycled to the consolidated income statement on account of loss of control. This is offset by USD 951 thousand loss on termination of a non-core business in the 'Asia Pacific and Indian subcontinent' region. (2010: the profit on sale of investment in an associate in the 'Australia and Americas' region).

Loss on currency options and interest rate swaps represents USD 10,770 thousand loss on foreign currency options related to the 'Australia and Americas' region. (2010 represents USD 6,200 thousand recycling of hedge reserve to consolidated income statement in the 'Middle East, Europe and Africa' region and USD 11,383 thousand losses on foreign currency options related to the 'Australia and Americas' region).

Income tax expense represents USD 12,785 thousand of deferred tax assets impaired in a subsidiary in the 'Middle East, Europe and Africa' region which is offset by USD 5,574 thousand of tax credit on impairment of assets in the 'Australia and Americas' region (2010: Nil).

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

12 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 2011	3,000,931	2,491,086	131,080	604,271	6,227,368
Acquired through business combination	29,099	-	-	-	29,099
Additions during the year	8,342	22,827	73,951	344,388	449,508
Transfers from capital work-in- progress	73,911	59,061	7,031	(140,003)	-
Translation adjustment	(19,881)	(52,201)	4,417	(16,896)	(84,561)
Disposals	(22,818)	(33,845)	-	-	(56,663)
	-----	-----	-----	-----	-----
As at 31 December 2011	3,069,584	2,486,928	216,479	791,760	6,564,751
	-----	-----	-----	-----	-----
Depreciation and impairment					
As at 1 January 2011	364,690	756,326	20,135	-	1,141,151
Charge for the year	106,763	163,266	22,848	-	292,877
Impairment (refer note to 11)	17,918	4,932	30,033	-	52,883
Translation adjustment	(4,089)	(11,173)	1,757	-	(13,505)
On disposals	(2,747)	(30,028)	-	-	(32,775)
	-----	-----	-----	-----	-----
As at 31 December 2011	482,535	883,323	74,773	-	1,440,631
	-----	-----	-----	-----	-----
Net book value: As at 31 December 2011	2,587,049	1,603,605	141,706	791,760	5,124,120

===== ===== ===== ===== =====

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 2011, cranes with aggregate net book value amounting to USD 304,449 thousand (2010: USD 320,188 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 2011, property, plant and equipment with a carrying amount of USD 1,148,903 thousand (2010: USD 596,856 thousand) are pledged to secure bank loans (refer to note 25). At 31 December 2011, the net carrying value of the leased plant and equipment and other assets was USD 59,067 thousand (2010: USD 58,854 thousand).

Borrowing costs capitalised to property, plant and equipment amounted to USD 10,512 thousand (2010: USD 39,781 thousand) with a capitalisation rate in the range of 4.73 % to 5.08% per annum (2010: 7% to 8% per annum).

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

12 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 2010	2,677,914	2,680,045	46,638	627,005	6,031,602
Additions during the year	41,212	83,959	81,097	695,840	902,108
Transfer to assets held for sale	(195,319)	(523,841)	-	(31,119)	(750,279)
Transfers from capital work-in-progress	453,054	231,320	-	(684,374)	-
Translation adjustment	25,307	62,309	4,272	(3,081)	88,807
Disposals	(1,237)	(42,706)	(927)	-	(44,870)
As at 31 December 2010	3,000,931	2,491,086	131,080	604,271	6,227,368
Depreciation					
As at 1 January 2010	307,995	853,698	10,709	-	1,172,402
Charge for the year	98,457	191,485	9,118	-	299,060
Transfer to assets held for sale	(53,757)	(301,285)	-	-	(355,042)
Translation adjustment	12,922	40,445	1,235	-	54,602
On disposals	(927)	(28,017)	(927)	-	(29,871)
As at 31 December 2010	364,690	756,326	20,135	-	1,141,151
Net book value:					
As at 31 December 2010	2,636,241	1,734,760	110,945	604,271	5,086,217

13 Goodwill and port concession rights

	Goodwill USD'000	Port concession rights USD'000	Total USD'000
Cost			
As at 1 January 2011	1,670,301	4,118,142	5,788,443
Acquired through business combination (refer to note 30)	9,693	32,474	42,167
Additions	-	31,673	31,673
Impairment loss	(12,790)	-	(12,790)
Disposals	-	(2,385)	(2,385)
Translation adjustment	(59,549)	(237,927)	(297,476)
As at 31 December 2011	1,607,655	3,941,977	5,549,632
Amortisation and impairment losses			
As at 1 January 2011	-	540,329	540,329
Charge for the year	-	136,234	136,234
Impairment loss	-	96,710	96,710
On disposals	-	(1,642)	(1,642)
Translation adjustment	-	(53,612)	(53,612)
As at 31 December 2011	-	718,019	718,019
Net book value:			
As at 31 December 2011	1,607,655	3,223,958	4,831,613

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

13 Goodwill and port concession rights (continued)

Port concession rights include concession agreements which are mainly accounted for as 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 2011, port concession rights with a carrying amount of USD 344,668 thousand (2010: USD 478,315 thousand) are pledged to secure bank loans (refer to note 25).

	Goodwill USD'000	Port concession rights USD'000	Total USD'000
Cost			
As at 1 January 2010	2,424,689	4,714,661	7,139,350
Additions	-	226,606	226,606
Disposals	-	(2,628)	(2,628)
Transfer to assets held for sale	(846,748)	(871,583)	(1,718,331)
Translation adjustment	92,360	51,086	143,446
	-----	-----	-----
As at 31 December 2010	1,670,301	4,118,142	5,788,443
	-----	-----	-----
Amortisation			
As at 1 January 2010	-	540,466	540,466
Charge for the year	-	159,330	159,330
On disposals	-	(2,324)	(2,324)
Transfer to assets held for sale	-	(190,961)	(190,961)
Translation adjustment	-	33,818	33,818
	-----	-----	-----
As at 31 December 2010	-	540,329	540,329
	-----	-----	-----
Net book value:			
As at 31 December 2010	1,670,301	3,577,813	5,248,114
	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

14 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 an operating port 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
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000		
Cash-generating units aggregated by operating segment						
Asia Pacific and Indian subcontinent	233,123	275,820	-	-	8.50% - 15.50%	2.50% - 5.00%
Australia and Americas	323,104	332,486	-	-	8.00% - 14.50%	2.00% - 2.50%
Middle East, Europe and Africa	1,051,428	1,061,995	989,012	1,004,851	7.00% - 12.50%	2.50% - 4.00%
Total	1,607,655	1,670,301	989,012	1,004,851		

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 for the Group adjusted for the respective location risk factors. The Group uses the post tax 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 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 an impairment.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

15 Investment in equity-accounted investees

Summary financial information for equity-accounted investees, not adjusted for the percentage ownership held by the Group:

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Total	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Current assets	492,575	397,686	425,910	402,539	316,072	321,606	1,234,557	1,121,831
Non-current assets	7,533,647	7,381,166	2,799,767	833,592	2,311,415	2,877,660	12,644,829	11,092,418
Total assets	8,026,222	7,778,852	3,225,677	1,236,131	2,627,487	3,199,266	13,879,386	12,214,249
Current liabilities	511,661	929,830	236,265	136,751	181,051	169,780	928,977	1,236,361
Non-current liabilities	1,528,068	1,255,237	1,458,954	237,751	841,070	939,289	3,828,092	2,432,277
Total liabilities	2,039,729	2,185,067	1,695,219	374,502	1,022,121	1,109,069	4,757,069	3,668,638
Revenue	1,203,610	1,036,384	749,426	493,733	694,793	637,421	2,647,829	2,167,538
Expenses	(937,343)	(823,137)	(765,353)	(429,811)	(639,529)	(586,595)	(2,342,225)	(1,839,543)
Net profit/ (loss)	266,267	213,247	(15,927)	63,922	55,264	50,826	305,604	327,995
The Group's share of profit from equity-accounted investees (before separately disclosed items)							141,711	140,203
The Group's investments in equity-accounted investees as at 31 December							3,451,264	3,474,113

For ownership percentages in equity-accounted investees, refer to note 34.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

16 Other investments

	2011 USD'000	2010 USD'000
Non-current investments		
Debt securities held to maturity	12,815	14,429
Available-for-sale financial assets	60,378	51,439
	-----	-----
	73,193	65,868
	=====	=====

Available-for-sale financial assets consist of unquoted investment in an Infrastructure Fund. The movement schedule for these investments is as follows:

	2011 USD'000	2010 USD'000
As at 1 January	51,439	50,560
Return of capital during the year	-	(260)
Change in fair value recognised in other comprehensive income	8,939	1,139
	-----	-----
As at 31 December	60,378	51,439
	=====	=====

17 Accounts receivable and prepayments

	2011 Non-current USD'000	2011 Current USD'000	2011 Total USD'000
Trade receivables (net)	-	232,957	232,957
Advances paid to suppliers	-	28,268	28,268
Other receivables and prepayments	53,425	258,700	312,125
Employee benefit assets (refer to note 24)	155	-	155
Due from related parties (refer to note 27)	206,534	104,095	310,629
	-----	-----	-----
	260,114	624,020	884,134
	=====	=====	=====
2010	2010 Non-current USD'000	2010 Current USD'000	2010 Total USD'000
Trade receivables (net)	1,586	227,156	228,742
Advances paid to suppliers	-	13,653	13,653
Other receivables and prepayments	51,580	304,214	355,794
Fair value of derivative financial instruments	200	10,770	10,970
Employee benefit assets (refer to note 24)	500	-	500
Due from related parties (refer to note 27)	34,512	97,423	131,935
	-----	-----	-----
	88,378	653,216	741,594
	=====	=====	=====

The Group's exposure to credit and currency risks related to trade receivables, other receivables and due from related parties are disclosed in note 29.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

18 Bank balances and cash

	2011 USD'000	2010 USD'000
Cash at banks and in hand	468,673	443,542
Short-term deposits	3,637,270	2,076,074
Deposits under lien	53,421	-
	-----	-----
Bank balances and cash	4,159,364	2,519,616
Bank overdrafts	(1,017)	(3,000)
	-----	-----
	4,158,347	2,516,616
Cash classified as held for sale (refer to note 28(a))	-	50,900
	-----	-----
Cash and cash equivalents for statement of cash flows	4,158,347	2,567,516
	=====	=====

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 amounting to USD 53,421 thousand (2010: NIL) are placed to collateralise some of the borrowings of the Company's subsidiaries.

19 Share capital

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

	2011 USD'000	2010 USD'000
<i>Authorised</i>		
1,250,000,000/ 25,000,000,000 ordinary shares of USD 2.00/ 0.10 each	2,500,000	2,500,000
	=====	=====
<i>Issued and fully paid</i>		
830,000,000/ 16,600,000,000 ordinary shares of USD 2.00/ 0.10 each	1,660,000	1,660,000
	=====	=====

On 19 May 2011, the Company consolidated 20 ordinary shares of USD 0.10 each into one share of USD 2.00.

20 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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

20 Reserves (continued)

Other reserves

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations and share-based payment transactions. 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 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.

21 Dividends

	2011 USD'000	2010 USD'000
Declared and paid during the year:		
Final dividend 17* US cents per share/ 16* US cents per share	142,760 =====	136,120 =====
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
Final dividend: 24 US cents per share/ 17* US cents per share	199,200 =====	142,760 =====

* Rounded to reflect share consolidation, as explained in note 22 below.

22 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.

	2011 USD'000	2010 USD'000
Profit attributable to ordinary shareholders	683,292 =====	374,807 =====
	Number of shares	Number of shares (restated)
Number of ordinary shares outstanding as at 31 December	830,000,000 =====	830,000,000 =====

On 19 May 2011, the Company consolidated 20 ordinary shares of USD 0.10 each into one share of USD 2.00 which has been used for the calculation of earnings per share for the current year. Accordingly, the previous year earnings per share has been restated.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

22 Earnings per share (continued)

	2011	2010
	USD	USD
Basic earnings per share after separately disclosed items – (US cents)	82.32	45.16
	=====	=====
Basic earnings per share before separately disclosed items – (US cents)	55.26	45.03
	=====	=====

The Company has no share options outstanding at the year end and therefore the basic and diluted earnings per share are not different.

23 Employees' end of service benefits

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

	2011	2010
	USD'000	USD'000
As at 1 January	45,988	42,948
Provision made during the year *	13,933	13,793
Amounts paid during the year	(10,528)	(10,753)
	-----	-----
As at 31 December	49,393	45,988
	=====	=====

* 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.

24 Pension and post-employment benefits

Non UAE region

P&O 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 assets of the scheme are managed on behalf of the trustee by independent fund managers.

P&O also operates a number of smaller defined benefit and defined contribution schemes. In addition, P&O participates in various industry schemes, the most significant of which is the Merchant Navy Officers' Pension Fund (the "MNOF Scheme"). These generally have assets held in separate trustee administered funds.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

24 Pension and post-employment benefits (continued)

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

	2011	2010
	USD'000	USD'000
Non-current		
Defined benefit schemes net liabilities	234,400	173,900
Liabilities from defined contribution schemes	600	-
Liability in respect of long service leave	595	500
	-----	-----
	235,595	174,400
Current		
Liability for current deferred compensation	12,621	14,500
	-----	-----
Net liabilities	248,216	188,900
	=====	=====
Net liabilities		
<i>Reflected in the consolidated statement of financial position as follows:</i>		
Employee benefits assets		
(included within non-current receivables (refer to note 17))	(155)	(500)
Employee benefits liabilities: Non-current	235,750	174,900
Employee benefits liabilities: Current	12,621	14,500
	-----	-----
	248,216	188,900
	=====	=====

The defined benefit pension schemes net liabilities of USD 234,400 thousand (2010: USD 173,900 thousand) is in respect of the total P&O schemes shown below. The USD 1,700 thousand (2010: USD 5,200 thousand) net liabilities in respect of the P&O's share of equity accounted investees are included within investment in equity accounted investees in the consolidated statement of financial position.

An expense of USD 17,600 thousand (2010: 37,300 thousand) has been recognised in the consolidated income statement in respect of employee benefits excluding pensions, USD 12,500 thousand (2010: USD 27,800 thousand) in general and administration expenses and USD 5,100 thousand (2010: USD 9,500 thousand) in cost of sales.

The current portion of employee benefits liabilities includes a liability of USD 10,500 thousand (2010: USD 10,100 thousand) in respect of annual leave, USD 2,000 thousand (2010: USD 1,400 thousand) in respect of long service leave, and USD 121 thousand (2010: USD 3,000 thousand) in respect of sick leave and other miscellaneous employee benefit items.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits (continued)

Expenses recognised in the consolidated income statement of 2011:

	<u>Defined benefit pension schemes</u>				Share of equity accounted investees schemes USD'000	2011 P&O UK schemes USD'000
	P&O UK scheme USD'000	MNOFP scheme USD'000	Other schemes USD'000	Total group schemes USD'000		
Employer's current service cost	600	-	3800	4,400	700	5,100
Employer's past service cost	(1,400)	-	(13,500)	(14,900)	(1,400)	(16,300)
Gain due to settlements/ curtailments	(2,900)	-	(5,600)	(8,500)	-	(8,500)
	-----	-----	-----	-----	-----	-----
	(3,700)	-	(15,300)	(19,000)	(700)	(19,700)
	-----	-----	-----	-----	-----	-----
Expected return on scheme assets	(100,400)	(9,600)	(7,200)	(117,200)	(1,600)	(118,800)
Interest cost	95,900	9,500	8,800	114,200	1,700	115,900
	-----	-----	-----	-----	-----	-----
Total	(4,500)	(100)	1,600	(3,000)	100	(2,900)
	-----	-----	-----	-----	-----	-----
Total defined benefit expenses	(8,200)	(100)	(13,700)	(22,000)	(600)	(22,600)
Total defined contribution expenses	-	-	-	13,600	6,600	20,200
	-----	-----	-----	-----	-----	-----
Total	(8,200)	(100)	(13,700)	(8,400)	6,000	(2,400)
	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

Expenses recognised in the consolidated income statement of 2010:

	<u>Defined benefit pension schemes</u>				Share of equity accounted investees schemes USD'000	2010 P&O UK schemes USD'000
	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000		
Employer's current service cost	600	-	5,300	5,900	500	6,400
Expected return on scheme assets	(101,500)	(7,900)	(9,000)	(118,400)	(1,100)	(119,500)
Interest cost	103,700	8,500	9,900	122,100	1,400	123,500
Total	2,200	600	900	3,700	300	4,000
Total defined benefit expenses	2,800	600	6,200	9,600	800	10,400
Total defined contribution expenses	-	-	-	26,100	4,400	30,500
Total	2,800	600	6,200	35,700	5,200	40,900

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits (continued)

The expenses for defined benefit and defined contribution schemes are recognised in the following line items in the consolidated income statement of 2011:

	<u>Defined benefit pension schemes</u>			Defined contribution pension schemes USD'000	Total group schemes USD'000	Share of equity- accounted investees schemes USD'000	Total USD'000
	P&O UK scheme USD'000	MNOF scheme USD'000	Other schemes USD'000				
Operating expenses	-	-	3,600	7,300	10,900	-	10,900
General and administrative expenses	(3,700)	-	(18,900)	6,300	(16,300)	-	(16,300)
Share of results of equity-accounted investees	-	-	-	-	-	6,000	6,000
	-----	-----	-----	-----	-----	-----	-----
Financial expenses	(3,700)	-	(15,300)	13,600	(5,400)	6,000	600
	(4,500)	(100)	1,600	-	(3,000)	-	(3,000)
	-----	-----	-----	-----	-----	-----	-----
Total	(8,200)	(100)	(13,700)	13,600	(8,400)	6,000	(2,400)
	=====	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

The expenses for defined benefit and defined contribution schemes are recognised in the following line items in the consolidated income statement of 2010:

	<u>Defined benefit pension schemes</u>			Defined contribution pension schemes USD'000	Total group schemes USD'000	Share of equity-accounted investees schemes USD'000	Total USD'000
	P&O UK scheme USD'000	MNO PF scheme USD'000	Other schemes USD'000				
Operating expenses	-	-	5,300	23,300	28,600	-	28,600
General and administrative expenses	600	-	-	2,800	3,400	-	3,400
Share of results of equity-accounted investees	-	-	-	-	-	5,200	5,200
	-----	-----	-----	-----	-----	-----	-----
	600	-	5,300	26,100	32,000	5,200	37,200
Financial expenses	2,200	600	900	-	3,700	-	3,700
	-----	-----	-----	-----	-----	-----	-----
Total	2,800	600	6,200	26,100	35,700	5,200	40,900
	=====	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

24 Pension and post-employment benefits (*continued*)

Total amount of actuarial losses gross of tax recognised in the other comprehensive income.

	2011	2010
	USD'000	USD'000
Actuarial loss/ (gain) recognised in the year	120,900	(68,400)
Movement in minimum funding liability	(10,500)	13,300
	-----	-----
	110,400	(55,100)
	=====	=====

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2011 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 2011	MNOFP scheme 2011	Other schemes 2011	Share of equity- accounted investees schemes 2011
Discount rates	4.65%	5.40%	2.26%	4.29%
Discount rates bulk annuity asset	4.60%	-	-	-
Expected rates of salary increases	2.50%	-	2.62%	3.65%
Pension increases: deferment	2.80%	2.90%	2.84%	2.34%
payment	2.80%	3.40%	2.84%	2.34%
Inflation	3.10%	3.60%	3.07%	2.46%
Inflation bulk annuity asset	3.05%	-	-	-
Expected rate of return on scheme assets	5.09%	5.14%	5.95%	6.21%
	=====	=====	=====	=====
	P&O UK scheme 2010	MNOFP scheme 2010	Other schemes 2010	Share of equity- accounted investees schemes 2010
Discount rates	5.40%	5.40%	2.96%	6.00%
Discount rates bulk annuity asset	5.35%	-	-	-
Expected rates of salary increases	4.60%	-	2.00%	4.50%
Pension increases: deferment	3.00%	2.90%	3.31%	2.10%
payment	3.00%	3.40%	3.31%	2.10%
Inflation	3.60%	3.60%	3.41%	2.90%
Inflation bulk annuity asset	3.55%	-	-	-
Expected rate of return on scheme assets	5.94%	6.68%	6.51%	6.30%
	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

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 RPI 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 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
2011				
P&O UK scheme	23.7	26.7	25.4	28.5
MNOPF scheme	21.9	24.4	25.7	28.1
	===	===	===	===
2010				
P&O UK scheme	23.5	26.5	25.2	28.4
MNOPF scheme	21.7	24.3	25.6	28.0
	===	===	===	===

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

24 Pension and post-employment benefits (continued)

The expected long-term rates of return for each of the main asset classes are subjective judgements based on market indicators, economic background, historical analysis of returns and industry forecasts. They take into account the schemes' strategic asset allocations across the sectors of the main asset classes.

	<u>P&O UK scheme</u>		<u>MNOPF Scheme</u>		<u>Other schemes</u>		<u>Share of equity-accounted investees schemes</u>		<u>Total fair value</u> USD'000
	<u>Expected long-term rate of return % p.a.</u>	<u>Fair value</u> USD'000	<u>Expected long-term rate of return % p.a.</u>	<u>Fair value</u> USD'000	<u>Expected long-term rate of return % p.a.</u>	<u>Fair value</u> USD'000	<u>Group schemes fair value</u> USD'000	<u>Fair value</u> USD'000	
2011									
Equities	7.35	286,300	7.35	30,900	7.60	62,100	379,300	300	379,600
Bonds	5.00	199,100	4.25	89,200	3.90	45,000	333,300	3,100	336,400
Other	3.00	10,400	5.50	30,600	5.20	13,800	54,800	5,600	60,400
Value of insured pensioner liability	4.60	1,237,000	-	-	-	-	1,237,000	-	1,237,000
	====	=====	====	=====	====	=====	=====	=====	=====
	5.09	1,732,800	5.14	150,700	5.95	120,900	2,004,400	9,000	2,013,400
	====	=====	====	=====	====	=====	=====	=====	=====
2010									
Equities	8.05	326,300	8.05	59,800	7.60	64,000	450,100	7,600	457,700
Bonds	6.20	149,900	5.65	55,800	4.90	42,400	248,100	10,500	258,600
Other	4.10	16,500	5.70	25,400	6.30	8,700	50,600	1,100	51,700
Value of insured pensioner liability	5.35	1,196,200	-	-	-	-	1,196,200	-	1,196,200
	====	=====	====	=====	====	=====	=====	=====	=====
	5.94	1,688,900	6.68	141,000	6.51	115,100	1,945,000	19,200	1,964,200
	====	=====	====	=====	====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

Reconciliation of the opening and closing present value defined benefit obligations:

	P&O UK scheme USD'000	MNOF scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	2011 Total USD'000
Present value of obligation at 1 January 2011	(1,779,600)	(174,400)	(151,600)	(2,105,600)	(24,400)	(2,130,000)
Employer's interest cost	(95,900)	(9,500)	(8,800)	(114,200)	(1,700)	(115,900)
Employer's current service cost	(600)	-	(3,800)	(4,400)	(700)	(5,100)
Past service costs	1,400	-	13,500	14,900	1,400	16,300
Gain due to settlements/ curtailments	2,900	-	5,600	8,500	-	8,500
Contributions by scheme participants	(200)	-	(1,300)	(1,500)	(400)	(1,900)
Foreign currency exchange	11,800	1,400	200	13,400	(1,100)	12,300
Benefits paid	107,500	9,000	7,500	124,000	3,100	127,100
Obligations pertaining to equity accounted investees recognised during the year	-	-	-	-	(6,800)	(6,800)
Amounts re-classified from other benefits	-	-	(2,900)	(2,900)	-	(2,900)
Actuarial loss on obligation	(140,100)	(17,500)	(10,600)	(168,200)	(1,800)	(170,000)
Transfer to assets/ liabilities classified as held for sale	-	-	-	-	21,700	21,700
Present value of obligation at 31 December 2011	(1,892,800)	(191,000)	(152,200)	(2,236,000)	(10,700)	(2,246,700)

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

Reconciliation of the opening and closing present value defined benefit obligations:

	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	2010 Total USD'000
Present value of obligation at 1 January 2010	(1,991,800)	(163,600)	(184,500)	(2,339,900)	(24,000)	(2,363,900)
Employer's interest cost	(103,700)	(8,500)	(9,900)	(122,100)	(1,400)	(123,500)
Employer's current service cost	(600)	-	(5,300)	(5,900)	(500)	(6,400)
Past service costs	-	-	-	-	-	-
Gain due to settlements/ curtailments	-	-	-	-	-	-
Contributions by scheme participants	(200)	-	(2,200)	(2,400)	(200)	(2,600)
Foreign currency exchange	71,700	5,600	3,800	81,100	900	82,000
Benefits paid	103,500	8,200	15,900	127,600	1,400	129,000
Obligations pertaining to equity accounted investee recognised during the year	-	-	-	-	-	-
Amounts re-classified from other benefits	-	-	-	-	-	-
Actuarial gain/ (loss) on obligation	141,500	(16,100)	(800)	124,600	(600)	124,000
Transfer to assets/ liabilities classified as held for sale	-	-	31,400	31,400	-	31,400
Present value of obligation at 31 December 2010	<u>(1,779,600)</u>	<u>(174,400)</u>	<u>(151,600)</u>	<u>(2,105,600)</u>	<u>(24,400)</u>	<u>(2,130,000)</u>

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

24 Pension and post-employment benefits (continued)

Reconciliation of the opening and closing fair value of scheme assets:

	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	2011 Total USD'000
Fair value of scheme assets at 1 January 2011	1,688,900	141,000	115,100	1,945,000	19,200	1,964,200
Expected return on scheme assets	100,400	9,600	7,200	117,200	1,600	118,800
Contributions by employer	14,000	7,100	7,200	28,300	1,300	29,600
Contributions by scheme participants	200	-	1,400	1,600	400	2,000
Foreign currency exchange	(9,200)	(900)	(900)	(11,000)	600	(10,400)
Benefits paid	(107,500)	(9,000)	(7,500)	(124,000)	(2,900)	(126,900)
Assets pertaining to equity accounted investee recognised during the year	-	-	-	-	6,500	6,500
Actuarial gain/ (loss) on assets	46,000	2,900	(1,600)	47,300	(100)	47,200
Transfer to assets/ liabilities classified as held for sale	-	-	-	-	(17,600)	(17,600)
	-----	-----	-----	-----	-----	-----
Fair value of scheme assets at 31 December 2011	1,732,800	150,700	120,900	2,004,400	9,000	2,013,400
	=====	=====	=====	=====	=====	=====
Defined benefit schemes net liabilities	(160,000)	(40,300)	(31,300)	(231,600)	(1,700)	(233,300)
Minimum funding liability	-	(2,800)	-	(2,800)	-	(2,800)
	-----	-----	-----	-----	-----	-----
Net liability recognised in the statement of financial position at 31 December 2011	(160,000)	(43,100)	(31,300)	(234,400)	(1,700)	(236,100)
	=====	=====	=====	=====	=====	=====
Actual gain on scheme assets	146,400	12,500	7,000	165,900	1,300	167,200
	=====	=====	=====	=====	=====	=====

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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

24 Pension and post-employment benefits (continued)

Reconciliation of the opening and closing fair value of scheme assets:

	P&O UK scheme USD'000	MNOPF scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	2010 Total USD'000
Fair value of scheme assets at 1 January 2010	1,812,000	127,100	142,900	2,082,000	17,500	2,099,500
Expected return on scheme assets	101,500	7,900	9,000	118,400	1,100	119,500
Contributions by employer	13,400	6,600	7,000	27,000	900	27,900
Contributions by scheme participants	200	-	2,200	2,400	200	2,600
Foreign currency exchange	(64,400)	(4,300)	(2,200)	(70,900)	300	(70,600)
Benefits paid	(103,500)	(8,200)	(15,900)	(127,600)	(1,400)	(129,000)
Actuarial (loss)/ gain on assets	(70,300)	11,900	2,200	(56,200)	600	(55,600)
Transfer to assets/ liabilities classified as held for Sale	-	-	(30,100)	(30,100)	-	(30,100)
	-----	-----	-----	-----	-----	-----
Fair value of scheme assets at 31 December 2010	1,688,900	141,000	115,100	1,945,000	19,200	1,964,200
	=====	=====	=====	=====	=====	=====
Defined benefit schemes net liabilities	(90,700)	(33,400)	(36,500)	(160,600)	(5,200)	(165,800)
Minimum funding liability	-	(13,300)	-	(13,300)	-	(13,300)
	-----	-----	-----	-----	-----	-----
Net liability recognised in the statement of financial position at 31 December 2010	(90,700)	(46,700)	(36,500)	(173,900)	(5,200)	(179,100)
	=====	=====	=====	=====	=====	=====
Actual gain on scheme assets	31,200	19,800	11,200	62,200	1,700	63,900
	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

It is anticipated that the Group will make the following contributions to the pension schemes in 2012:

	P&O UK scheme USD'000	MNOFP scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	Total USD'000
Pension scheme contributions	13,800	7,100	7,200	28,100	400	28,500
	=====	=====	=====	=====	=====	=====
Present value of defined benefit obligation 31 December 2011						
Present value of defined benefit obligation	(1,892,800)	(191,000)	(152,200)	(2,236,000)	(10,700)	(2,246,700)
Fair value of scheme assets	1,732,800	150,700	120,900	2,004,400	9,000	2,013,400
	-----	-----	-----	-----	-----	-----
Deficit in the scheme	(160,000)	(40,300)	(31,300)	(231,600)	(1,700)	(233,300)
Minimum funding obligation	-	(2,800)	-	(2,800)	-	(2,800)
Net liability recognised in the statement of financial position	(160,000)	(43,100)	(31,300)	(234,400)	(1,700)	(236,100)
Experience gain/ (loss) on scheme assets	46,000	2,900	(200)	48,700	(300)	48,400
Percentage of scheme assets at year end (%)	3%	2%	-0.17%	2%	-3%	2%
Experience loss on scheme liabilities	(13,200)	(3,200)	(10,600)	(27,000)	(1,400)	(28,400)
Percentage of scheme liabilities at year end (%)	-1%	-2%	-9%	-1%	-16%	-1%
Loss due to change in assumptions	(126,900)	(14,300)	(1,400)	(142,600)	(200)	(142,800)
Movement in minimum funding liability	-	10,500	-	10,500	-	10,500
	====	=====	====	=====	====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

	P&O UK scheme USD'000	MNOFP scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	Total USD'000
31 December 2010						
Present value of defined benefit obligation	(1,779,600)	(174,400)	(151,600)	(2,105,600)	(24,400)	(2,130,000)
Fair value of scheme assets	1,688,900	141,000	115,100	1,945,000	19,200	1,964,200
Minimum funding obligation	-	(13,300)	-	(13,300)	-	(13,300)
Net liability recognised in the statement of financial position	(90,700)	(46,700)	(36,500)	(173,900)	(5,200)	(179,100)
Experience (loss)/ gain on scheme assets	(70,300)	11,900	2,200	(56,200)	600	(55,600)
Percentage of scheme assets at year end (%)	-4%	8%	2%	-3%	3%	-3%
Experience gain/ (loss) on scheme liabilities	101,600	(7,400)	5,200	99,400	(600)	98,800
Percentage of scheme liabilities at year end (%)	6%	-5%	5%	5%	-3%	5%
Gain/ (loss) due to change in assumptions	39,900	(8,700)	(6,000)	25,200	-	25,200
Movement in minimum funding liability	-	(13,300)	-	(13,300)	-	(13,300)
	===	=====	===	=====	===	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

	P&O UK scheme USD'000	MNOFP scheme USD'000	Other schemes USD'000	Total group schemes USD'000	Share of equity accounted investees schemes USD'000	Total USD'000
31 December 2009						
Present value of defined benefit obligation	(1,991,800)	(163,600)	(184,500)	(2,339,900)	(24,000)	(2,363,900)
Fair value of scheme assets	1,812,000	127,100	142,900	2,082,000	17,500	2,099,500
Surplus or deficit in the scheme	(179,800)	(36,500)	(41,600)	(257,900)	(6,500)	(264,400)
Experience gain on scheme assets	202,200	5,600	11,600	219,400	300	219,700
Percentage of scheme assets at year end (%)	11%	4%	8%	11%	2%	10%
Experience gain on scheme liabilities	-	-	200	200	-	200
Percentage of scheme liabilities at year end (%)	0%	0%	0%	0%	0%	0%
Loss due to change in assumptions	(326,400)	(22,700)	(28,700)	(377,800)	(4,400)	(382,200)
	=====	=====	=====	=====	=====	=====
31 December 2008						
Present value of defined benefit obligation	(1,508,400)	(126,000)	(142,300)	(1,776,700)	(14,200)	(1,790,900)
Fair value of scheme assets	1,450,400	105,900	118,500	1,674,800	12,000	1,686,800
Surplus or deficit in the scheme	(58,000)	(20,100)	(23,800)	(101,900)	(2,200)	(104,100)
Experience loss on scheme assets	(278,500)	(33,500)	(38,700)	(350,700)	(3,900)	(354,600)
Percentage of scheme assets at year end (%)	-19%	-32%	-33%	-21%	-33%	-21%
Experience (loss)/ gain on scheme liabilities	(11,300)	(3,300)	2,200	(12,400)	-	(12,400)
Percentage of scheme liabilities at year end (%)	1%	3%	-2%	1%	0%	1%
Gain due to change in assumptions	213,300	14,500	28,000	255,800	4,300	260,100
	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

24 Pension and post-employment benefits (*continued*)

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.

At this date, the market value of the P&O UK scheme's assets were USD 1,774,000 thousand and the value of accrued benefits to members allowing for future increases in earnings was USD 1,865,000 thousand giving a deficit of USD 91,000 thousand and a funding ratio of 95%.

Excluding the deficit reduction payments, the average contribution rate for the P&O UK scheme was 29.1% for the year to 31 December 2010 and 29.1% for the year to 31 December 2011.

The principal long-term assumptions in the P&O UK scheme's 2010 valuation are:

	Nominal % per annum
Price inflation	3.60
Investment return on pre-retirement portfolio	6.71
Investment return on post-retirement portfolio	4.07
Bulk Purchase Annuity liabilities	4.40
Earnings escalation	5.10
Increase in accrued pensions on excess over Guaranteed Minimum Pensions	3.00
	====

As a result of this valuation P&O committed to regular monthly deficit payments from April 2011 totalling USD 1,060 thousand until November 2019.

In December 2007, as part of a process developed with P&O 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 ("MNOFF")

The MNOFF scheme is a defined benefit multi-employer 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 and the latest valuation was carried out at 31 March 2009.

The old section has been closed to benefit accrual since 1978. The scheme's independent actuary advised that at 31 March 2009 the market value of the scheme's assets for the old section was USD 1,595,000 thousand, representing approximately 89% of the value of the benefits accrued to members. The Trustee has determined that the asset growth of the Fund, in excess of that assumed in calculating the technical provisions, between the formal date of the valuation and 18 November 2009 has been sufficient to eliminate the shortfall. Therefore no contributions are required to meet the shortfall. The assets of the old section were substantially invested in bonds.

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.

As at 31 March 2009, the date of the most recent formal actuarial valuation, the new section had assets with a market value of USD 2,217,000 thousand, representing approximately 68% of the benefits accrued to members. The valuation assumptions were as follows:

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

24 Pension and post-employment benefits *(continued)*

Merchant Navy Officers' Pension Fund ("MNOPF") *(continued)*

	Nominal % per annum
Investment return on pre-retirement portfolio	7.25
Investment return on post-retirement portfolio	4.75
Rate of national average earnings increase	4.50
Rate of pension increases (where increases apply)	3.00
	===

At the date of the valuation, approximately 48% of the new section's assets were invested in pooled investment vehicles, 35% in equities, 9% in bonds and 8% in cash and other assets.

Subsequent to valuation, the Trustee and Employers have agreed to contribute in addition to those arising from the 31 March 2003 and 31 March 2006 valuations to the section by participating employers over the period to 30 September 2022. These additional payments have a present value of USD 632,000 thousand as at 30 September 2010.

The Trustee will decide the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy. The Group's share is USD 29,500 thousand.

In addition Group companies are making regular annual deficit payments in respect of the 31 March 2003 valuation of USD 2,485 thousand until 30 March 2014 and in respect of the 31 March 2006 valuation of USD 1,864 thousand until 30 September 2014.

P&O's share of the net deficit of the new section at 31 December 2011 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 P&O have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual.

As at 31 March 2008, the date of the most recent full triennial actuarial valuation carried out by an independent actuary, the scheme had assets with a market value of USD 1,239,000 thousand, representing 78% of the benefits accrued to members allowing for future increases. Approximately 66% of the scheme's assets were invested in bonds, 23% in equities and 11% in property and cash. The valuation assumptions were as follows:

	Nominal % per annum
Investment return on pre- retirement portfolio	6.20
Investment return on post- retirement portfolio	5.20
Rate of national average earnings increase	5.20
Rate of pension increases (where increases apply)	3.60
	===

The Group could not identify its share of the underlying assets and liabilities of the MNRPF Scheme on a consistent and reasonable basis. The Group has therefore accounted for contributions and payments to the MNRPF Scheme under IAS 19 as if it were a defined contribution scheme.

Certain Group companies which are no longer current employers in the MNRPF had settled their statutory debt obligation, 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, and it is expected that the Trustees will require a number of the Group's companies to contribute. It is, however, not currently possible to estimate the future contributions that may be required from the UK companies with any degree of confidence and therefore no provision has been made.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

24 Pension and post-employment benefits (continued)

Other schemes

Other defined benefit schemes include schemes in Australia, Canada, Indonesia, Pakistan, Hong Kong and Philippines.

Other industry schemes are mainly overseas multi-employer schemes, in which the Group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The Group is therefore accounting for contributions to these schemes as if they were defined contribution schemes for IAS 19 purposes.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("the MPF Scheme") in Hong Kong, under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF scheme.

The Group also operates a defined contribution retirement benefits scheme ("the ORSO scheme") in Hong Kong for those employees who are eligible to participate in this scheme. The ORSO scheme operates in a similar way to the MPF scheme, except that when an employee leaves the ORSO scheme before the employer contributions vest fully, the ongoing employer contributions payable by the Group are reduced by the relevant amount of the forfeited employer contributions.

25 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 29.

	2011 USD'000	2010 USD'000
Non-current liabilities		
Secured bank loans	720,482	682,968
Mortgage debenture stock	2,212	2,221
Unsecured loan stock	5,071	5,093
Unsecured bank loans	552,842	3,442,000
Unsecured bond issues	3,235,320	3,233,518
Finance lease liabilities	47,382	54,499
	-----	-----
	4,563,309	7,420,299
	-----	-----
Current liabilities		
Secured bank loans	100,242	76,333
Unsecured bank loans	3,062,653	258,420
Unsecured loans	3,619	2,433
Finance lease liabilities	11,932	12,261
	-----	-----
	3,178,446	349,447
	-----	-----
Total	7,741,755	7,769,746
	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

25 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	2011 Carrying amount USD'000
Secured loans					
EGP		Variable	2013	1,971	1,971
EGP		Variable	2012	1,128	1,128
EUR		Variable	2017-2024	100,714	100,714
EUR		Variable	2012	16,533	16,533
EUR		2%	2024	13,683	13,683
EUR		2%	2012	1,140	1,140
HKD		Variable	2015	835	835
HKD		Variable	2012	371	371
INR		Variable	2015-2017	59,891	59,891
INR		Variable	2012	16,741	16,741
PKR		Variable	2018	75,306	75,306
USD		3% - 8%	2013-2019	6,081	6,081
USD		3%	2012	1,008	1,008
USD		Variable	2014-2020	461,177	461,177
USD		Variable	2012	63,145	63,145
ZAR		10%	2017	824	824
ZAR		10%	2012	176	176
Unsecured loans					
CAD		Variable	2013	153,307	153,307
CAD		Variable	2012	14,688	14,688
INR		Variable	2014	41,500	41,500
INR		Variable	2012	3,772	3,772
INR		11.25%	2012	28,295	28,295
SAR		Variable	2017	19,205	19,205
SAR		Variable	2012	4,027	4,027
USD		4.14%	2024	28,831	28,831
USD		4.14%-6.21%	2012	3,062	3,062
USD	(a)	Variable	2012	3,000,000	2,997,792
USD		Variable	2013	311,199	311,199
USD		Variable	2012	11,017	11,017
EUR		Variable	2012	2,419	2,419
Mortgage debenture stock					
GBP		3.50%	undated	2,212	2,212
Unsecured loan stock					
GBP		7.50%	undated	5,071	5,071
Unsecured Bond					
USD		7.88%	2027	8,000	7,935
Unsecured sukuk bonds					
USD	(b)	*	2017	1,500,000	1,488,922
Unsecured MTNs					
USD	(b)	6.85%	2037	1,750,000	1,738,463
Finance lease liabilities in various currencies					
		4.14% - 14%	2012-2054	59,314	59,314
				=====	=====
				7,766,643	7,741,755
				=====	=====

* The profit rate on this Islamic Bond is 6.25%.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

25 Interest bearing loans and borrowings (continued)

- (a) The unsecured bank loans represents USD 3,000,000 thousand (2010: USD 3,000,000 thousand) drawn under a USD 3,000,000 thousand revolving credit facility. This is a committed facility with a final maturity on 22 October 2012.
- (b) The Group has a listed conventional bond of USD 1,750,000 thousand Medium Term Note and a Sukuk (Islamic Bond) of USD 1,500,000 thousand listed under DP World Sukuk Limited 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 12 and note 13). The deposits under lien amounting to USD 53,421 thousand (2010: Nil) are placed to collateralise some of the borrowings of the Company's subsidiaries (2010: Nil) (refer to note 18).

There has been no issuance or repayment of debt securities in the current year (2010: Nil). At 31 December 2011, the undrawn committed borrowing facilities of USD 1,037,021 thousand (2010: USD 60,213 thousand) were available to the Group, in respect of which all conditions precedent had been met.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

25 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	2010 Carrying amount USD'000
Secured loans					
EGP		14%	2013	4,684	4,684
EUR		Variable	2019-2023	7,644	7,644
EUR		7%	2024	16,497	16,497
HKD		2.90%	2015	1,576	1,576
INR		11.62%	2015	11,183	11,183
INR		Variable	2015-2017	94,762	94,762
PKR		Variable	2018-2019	80,155	80,155
USD		2.76% - 4.75%	2013-2014	36,230	36,230
USD		Variable	2011-2019	505,135	505,135
ZAR		Variable	2016	1,435	1,435
Unsecured loans					
CAD		Variable	2011	194,374	194,374
INR		Variable	2011-2014	62,886	62,886
INR		7.9% - 8.13%	2011-2012	72,451	72,451
SAR		Variable	2017	27,259	27,259
USD		4.14%	2024	32,876	32,876
USD	(a)	Variable	2012	3,000,000	2,995,143
USD		Variable	2011	315,431	315,431
EUR		Variable	2011	2,433	2,433
Mortgage debenture stock					
GBP		3.50%	undated	2,221	2,221
Unsecured loan stock					
GBP		7.50%	undated	5,093	5,093
Unsecured Bond					
USD		7.88%	2027	8,000	7,929
Unsecured sukuk bonds					
USD	(b)	*	2017	1,500,000	1,487,289
Unsecured MTNs					
USD	(b)	6.85%	2037	1,750,000	1,738,300
Finance lease liabilities in various currencies					
		4.14% - 14%	2011-2054	66,760	66,760
				-----	-----
				7,799,085	7,769,746
				=====	=====

* The profit rate on this Islamic Bond is 6.25%.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

25 Interest bearing loans and borrowings (continued)

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 assets taken under finance leases are disclosed in note 12.

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	2011 Present value of minimum lease payments USD'000
Less than one year	15,833	(3,901)	11,932
Between one and five years	43,689	(8,866)	34,823
More than five years	22,647	(10,088)	12,559
	-----	-----	-----
At 31 December	82,169	(22,855)	59,314
	=====	=====	=====
			2010 Present value of
	Future minimum lease payments USD'000	Interest USD'000	minimum lease payments USD'000
Less than one year	15,391	(2,898)	12,493
Between one and five years	41,009	(10,962)	30,047
More than five years	34,296	(10,076)	24,220
	-----	-----	-----
At 31 December	90,696	(23,936)	66,760
	=====	=====	=====

The finance leases do not contain any escalation clauses and do not provide for contingent rents.

26 Accounts payable and accruals

	Non-current USD'000	Current USD'000	2011 Total USD'000
Trade payables	-	138,616	138,616
Other payables and accruals	386,071	549,699	935,770
Provisions *	269	26,479	26,748
Fair value of derivative financial instruments	80,900	53,336	134,236
Amounts due to related parties (refer to note 27)	-	12,272	12,272
	-----	-----	-----
As at 31 December	467,240	780,402	1,247,642
	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

26 Accounts payable and accruals (continued)

	Non-current USD'000	Current USD'000	2010 Total USD'000
Trade payables	-	201,546	201,546
Other payables and accruals	338,952	607,361	946,313
Provisions *	800	43,900	44,700
Fair value of derivative financial instruments	26,800	69,579	96,379
Amounts due to related parties (refer to note 27)	1,600	17,176	18,776
	-----	-----	-----
As at 31 December	368,152	939,562	1,307,714
	=====	=====	=====

* During the current year additional provision of USD 13,598 thousand was made (2010: USD 32,000 thousand) and an amount of USD 31,550 thousand was utilised (2010: USD 18,000 thousand).

27 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 transaction were made on an arm's length basis.

The Parent Group operates a Shared Services Unit ("SSU") which recharges the proportionate costs of services provided to the Group. SSU also processes the payroll for the Group and recharges the respective payroll costs.

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

	Equity- accounted investees USD'000	Other related parties USD'000	2011 Total USD'000
<i>Expenses charged:</i>			
Concession fee	-	48,166	48,166
Shared services	-	9,259	9,259
Other services	-	20,676	20,676
<i>Revenue earned:</i>			
Management fee income	23,248	-	23,248
	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

27 Related party transactions (continued)

	Equity accounted investees USD'000	Other related parties USD'000	2010 Total USD'000
<i>Expenses charged:</i>			
Concession fee	-	48,169	48,169
Shared services	-	10,055	10,055
Other services	-	13,770	13,770
<i>Revenue earned:</i>			
Management fee income	13,020	-	13,020
	=====	=====	=====

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

	Due from related parties		Due to related parties	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Ultimate Parent Company	2,730	3,793	-	-
Parent Company	54,154	65,750	-	-
Equity-accounted investees	232,052	43,400	386	1,600
Other related parties	21,693	18,992	11,886	17,176
	-----	-----	-----	-----
	310,629	131,935	12,272	18,776
	=====	=====	=====	=====

Loan and lease guarantees issued on behalf of equity-accounted investees amount to USD 12,020 thousand (2010: USD 5,785 thousand).

Compensation of key management personnel

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

	2011 USD'000	2010 USD'000
Short-term benefits and bonus	8,620	6,699
Post retirement benefits	722	512
	-----	-----
	9,342	7,211
	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

28 Assets and liabilities held for sale

	2011	2010
	USD'000	USD'000
<i>Asset held for sale</i>		
Australia and America region (refer to note (a))	-	2,071,000
Other regions (refer to note (b))	77,706	13,840
	-----	-----
	77,706	2,084,840
	=====	=====
<i>Liabilities held for sale</i>		
Australia and America region (refer to note (a))	-	356,193
	=====	=====

- (a) On 22 December 2010, the Group and Citi Infrastructure Investors (“CII”), together with one of CII’s major investors announced their intention to form a strategic partnership in relation to the Group’s five marine terminals in Australia which was subsequently completed on 11 March 2011.

The major class of assets and liabilities as at 31 December were as follows:

	2011	2010
	USD'000	USD'000
Non-current assets		
Property, plant and equipment (refer to note 12)	-	392,198
Port concession rights (refer to note 13)	-	680,622
Goodwill (refer to note 13)	-	846,748
Investment in equity-accounted investees	-	1,000
Deferred tax assets	-	27,400
	-----	-----
	-	1,947,968
	-----	-----
Current assets		
Inventories	-	6,000
Accounts receivable and prepayments (net)	-	66,132
Bank balances and cash (refer to note 18)	-	50,900
	-----	-----
	-	123,032
	-----	-----
Asset classified as held for sale	-	2,071,000
	====	=====
Non-current liabilities		
Deferred tax liabilities	-	213,293
Pension and post-employment benefits	-	6,900
Interest bearing loans and borrowings	-	21,900
	-----	-----
	-	242,093
	-----	-----

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

28 Assets and liabilities held for sale (continued)

	2011 USD'000	2010 USD'000
Current liabilities		
Income tax liabilities	-	5,800
Pension and post-employment benefits	-	49,100
Interest bearing loans and borrowings	-	3,500
Accounts payable and accruals	-	55,700
	-----	-----
	-	114,100
	-----	-----
Liabilities classified as held for sale	-	356,193
	====	=====

(b) Assets held for sale in other regions mainly includes investment in Tilbury Container Services Limited which has been disposed in 2012 (refer to note 35).

29 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:

	Carrying amount	
	2011 USD'000	2010 USD'000
Available-for-sale financial assets	60,378	51,439
Debt securities held to maturity	12,815	14,429
Derivative assets	-	10,970
Loans and receivables	727,190	607,760
Bank balances	4,159,364	2,519,616
	-----	-----
	4,959,747	3,204,214
	=====	=====

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

	Carrying amount	
	2011 USD'000	2010 USD'000
Asia Pacific and Indian subcontinent	21,939	23,927
Australia and Americas	40,332	32,400
Middle East, Europe and Africa	170,686	172,415
	-----	-----
	232,957	228,742
	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments *(continued)*

(a) Credit risk *(continued)*

(i) Exposure to credit risk *(continued)*

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

	2011	2010
	USD'000	USD'000
Neither past due nor impaired on the reporting date:	172,756	169,262
<i>Past due on the reporting date</i>		
Past due 0-30 days	48,006	22,422
Past due 31-60 days	8,892	12,228
Past due 61-90 days	1,227	10,767
Past due > 90 days	2,076	14,063
	-----	-----
	232,957	228,742
	=====	=====

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

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

	2011	2010
	USD'000	USD'000
As at 1 January	31,829	46,367
Provision recognised/ (written back) during the year	4,125	(10,470)
Transfer to assets held for sale	-	(4,068)
	-----	-----
As at 31 December	35,954	31,829
	=====	=====

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 40% (2010: 38%) of the trade receivables.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments *(continued)*

(b) Liquidity risk

2011

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
<i>Non derivative financial liabilities</i>						
Secured bank loans	820,724	(1,009,331)	(148,023)	(167,074)	(512,560)	(181,674)
Unsecured bond issues	3,235,320	(6,841,396)	(214,255)	(214,255)	(642,765)	(5,770,121)
Mortgage debenture stocks	2,212	(4,300)	(78)	(78)	(233)	(3,911)
Unsecured loans and loan stock	8,690	(19,109)	(4,149)	(380)	(1,141)	(13,439)
Finance lease liabilities	59,314	(82,169)	(15,833)	(15,211)	(28,478)	(22,647)
Unsecured syndicate bank loans	2,997,792	(3,007,078)	(3,007,078)	-	-	-
Unsecured other bank loans	617,703	(693,468)	(108,626)	(494,390)	(62,808)	(27,644)
Trade and other payables	861,872	(869,382)	(475,801)	(180,512)	(179,796)	(33,273)
Bank overdraft	1,017	(1,017)	(1,017)	-	-	-
Financial guarantees*	-	(12,020)	(12,020)	-	-	-
<i>Derivative financial liabilities</i>						
Interest rate swaps	133,541	(210,470)	(40,316)	(33,821)	(77,420)	(58,913)
Forward exchange contracts	539	(397)	(397)	-	-	-
Cross currency options	156	-	-	-	-	-
Total	8,738,880	(12,750,137)	(4,027,593)	(1,105,721)	(1,505,201)	(6,111,622)

* These are financial guarantees provided to equity-accounted investees (also refer to note 27).

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments *(continued)*

(b) Liquidity risk *(continued)*

2011

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are cash flow hedges are expected to occur. The timing of these cash flows is 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	-	-	-	-	-	-
Liabilities	(133,541)	(210,470)	(40,316)	(33,821)	(77,420)	(58,913)
Forward exchange contracts						
Assets	-	-	-	-	-	-
Liabilities	(539)	(397)	(397)	-	-	-
Cross currency options						
Assets	-	-	-	-	-	-
Liabilities	(156)	-	-	-	-	-
Total	<u>(134,236)</u>	<u>(210,867)</u>	<u>(40,713)</u>	<u>(33,821)</u>	<u>(77,420)</u>	<u>(58,913)</u>

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

29 Financial instruments (continued)

(b) Liquidity risk (continued)

2010

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
<i>Non derivative financial liabilities</i>						
Secured bank loans	759,301	(972,914)	(143,361)	(148,664)	(445,498)	(235,391)
Unsecured bond issues	3,233,518	(7,055,651)	(214,255)	(214,255)	(642,765)	(5,984,376)
Mortgage debenture stocks	2,221	(4,399)	(78)	(78)	(233)	(4,010)
Unsecured loan stock	5,093	(15,792)	(382)	(382)	(1,146)	(13,882)
Finance lease liabilities	66,760	(90,696)	(15,391)	(14,116)	(26,892)	(34,297)
Unsecured syndicate bank loans	2,995,143	(3,031,681)	(28,584)	(3,003,097)	-	-
Unsecured other bank loans	707,710	(789,772)	(589,537)	(71,038)	(76,212)	(52,985)
Trade and other payables	644,929	(644,929)	(521,675)	(93,749)	(9,380)	(20,125)
Bank overdraft	3,000	(3,000)	(3,000)	-	-	-
Financial guarantees*	-	(5,785)	(5,785)	-	-	-
<i>Derivative financial liabilities</i>						
Interest rate swaps	96,079	(123,125)	(47,561)	(35,814)	(34,847)	(4,903)
Cross currency swaps	300	(208)	(208)	-	-	-
Total	8,514,054	(12,737,952)	(1,569,817)	(3,581,193)	(1,236,973)	(6,349,969)

* These are financial guarantees provided to equity-accounted investees (also refer to note 27).

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments *(continued)*

(b) Liquidity risk *(continued)*

2010

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are cash flow hedges are expected to occur. The timing of these cash flows is 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	161	161	-	161	-	-
Liabilities	(96,079)	(123,125)	(47,561)	(35,814)	(34,847)	(4,903)
Forward exchange contracts						
Assets	39	218	218	-	-	-
Liabilities	-	-	-	-	-	-
Cross currency swaps						
Assets	-	-	-	-	-	-
Liabilities	(300)	(208)	(208)	-	-	-
Total	<u>(96,179)</u>	<u>(122,954)</u>	<u>(47,551)</u>	<u>(35,653)</u>	<u>(34,847)</u>	<u>(4,903)</u>

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments (continued)

(c) Market risk (continued)

(i) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	USD USD'000	GBP USD'000	EUR USD'000	AUD USD'000	INR USD'000	CAD USD'000	Others USD'000	2011 Total USD'000
Cash and cash equivalents	3,841,137	64,697	103,070	66,340	13,237	14,754	56,129	4,159,364
Trade receivables	114,704	23,297	44,650	11,493	8,761	12,114	17,938	232,957
Secured bank loans and mortgage debenture stock	(531,411)	(2,212)	(132,071)	-	(76,632)	-	(80,610)	(822,936)
Unsecured bank loans and loan stock	(3,351,901)	(5,071)	(2,419)	-	(73,566)	(167,995)	(23,233)	(3,624,185)
Bank overdraft	-	-	-	-	(155)	-	(862)	(1,017)
Trade payables	(33,656)	(15,220)	(36,113)	(5,281)	(39,288)	(3,106)	(5,952)	(138,616)
	-----	-----	-----	-----	-----	-----	-----	-----
Net statement of financial position exposures	38,873	65,491	(22,883)	72,552	(167,643)	(144,233)	(36,590)	(194,433)
	=====	=====	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Exposure to currency risk (continued)

The Group's exposure to foreign currency risk was as follows:

	USD USD'000	GBP USD'000	EUR USD'000	AUD USD'000	INR USD'000	CAD USD'000	Others USD'000	2010 Total USD'000
Cash and cash equivalents	2,216,089	109,613	48,221	37,596	7,900	17,780	82,417	2,519,616
Trade receivables	108,703	17,436	44,273	6,084	9,185	12,636	30,425	228,742
Secured bank loans and mortgage debenture stock	(539,831)	(2,222)	(24,141)	-	(105,954)	-	(89,374)	(761,522)
Unsecured bank loans and loan stock	(3,345,989)	(5,093)	-	-	(135,196)	(194,408)	(27,260)	(3,707,946)
Bank overdraft	-	-	-	-	(1,124)	-	(1,876)	(3,000)
Trade payables	(59,074)	(13,557)	(45,984)	(4,212)	(59,605)	(1,872)	(17,242)	(201,546)
	-----	-----	-----	-----	-----	-----	-----	-----
Net statement of financial position exposures	(1,620,102)	106,177	22,369	39,468	(284,794)	(165,864)	(22,910)	(1,925,656)
	=====	=====	=====	=====	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

29 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	
	2011	2010	2011	2010
GBP	0.623	0.647	0.644	0.641
EUR	0.719	0.755	0.772	0.747
AUD	0.969	1.090	0.979	0.977
INR	46.610	45.668	53.013	44.713
CAD	0.989	1.031	1.021	0.998

(ii) Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) other comprehensive income and consolidated income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Further, 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 other comprehensive income.

	Consolidated income statement		Other comprehensive income	
	USD'000	USD'000	USD'000	USD'000
	2011	2010	2011	2010
GBP	1,461	1,664	7,277	11,797
EUR	3,207	1,441	(2,543)	2,485
AUD	-	-	8,061	4,385
INR	4,116	7,869	(18,627)	(31,644)
CAD	1,991	720	(16,026)	(18,429)

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.

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

29 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	
	2011 USD'000	2010 USD'000
Fixed rate instruments		
Financial assets	12,815	14,429
Financial liabilities	(3,383,712)	(3,483,089)
Interest rate swaps	(1,857,983)	(1,932,288)
	-----	-----
	(5,228,880)	(5,400,948)
	=====	=====
Variable rate instruments		
Financial assets	3,637,270	2,076,074
Financial liabilities	(4,359,060)	(4,289,657)
Interest rate swaps	1,857,983	1,932,288
	-----	-----
	1,136,193	(281,295)
	=====	=====

(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) other comprehensive income and consolidated income statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Consolidated income statement		Other comprehensive income	
	100 bp increase USD'000	100 bp decrease USD'000	100 bp increase USD'000	100 bp decrease USD'000
2011				
Variable rate instruments	11,362	(11,362)	-	-
Interest rate swap	-	-	1,335	(1,335)
	-----	-----	-----	-----
Cash flow sensitivity (net)	11,362	(11,362)	1,335	(1,335)
	=====	=====	=====	=====
2010				
Variable rate instruments	(2,813)	2,813	-	-
Interest rate swap	(2,930)	2,930	16,393	(16,393)
	-----	-----	-----	-----
Cash flow sensitivity (net)	(5,743)	5,743	16,393	(16,393)
	=====	=====	=====	=====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

29 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 statement of financial position are as follows:

	2011		2010	
	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	60,378	60,378	51,439	51,439
Cross currency options	-	-	10,770	10,770
Interest rate swaps	-	-	161	161
Forward exchange contracts	-	-	39	39
	-----	-----	-----	-----
	60,378	60,378	62,409	62,409
	=====	=====	=====	=====
Assets carried at amortised cost				
Debt securities held to maturity	12,815	12,670	14,429	14,266
Loans and receivables	727,190	727,190	607,760	607,760
Cash and cash equivalents	4,159,364	4,159,364	2,519,616	2,519,616
	-----	-----	-----	-----
	4,899,369	4,899,224	3,141,805	3,141,642
	=====	=====	=====	=====
Liabilities carried at fair values				
Interest rate swaps	(133,541)	(133,541)	(96,079)	(96,079)
Forward exchange contracts	(539)	(539)	(300)	(300)
Cross currency options	(156)	(156)	-	-
	-----	-----	-----	-----
	(134,236)	(134,236)	(96,379)	(96,379)
	=====	=====	=====	=====
Liabilities carried at amortised cost				
Secured bank loans*	(820,724)	(820,724)	(759,301)	(759,301)
Mortgage debenture stocks	(2,212)	(2,124)	(2,221)	(2,141)
Unsecured bond issues	(3,235,320)	(3,107,661)	(3,233,518)	(3,117,997)
Unsecured loan stock	(8,690)	(8,690)	(5,093)	(5,093)
Finance lease liabilities	(59,314)	(59,314)	(66,760)	(66,760)
Unsecured bank and other loans*	(3,615,495)	(3,615,495)	(3,702,853)	(3,702,853)
Trade and other payables	(861,872)	(861,872)	(644,929)	(644,929)
Bank overdraft	(1,017)	(1,017)	(3,000)	(3,000)
	-----	-----	-----	-----
	(8,604,644)	(8,476,897)	(8,417,675)	(8,302,074)
	=====	=====	=====	=====

* A significant portion of these loans carry a variable rate of interest and hence, the fair values reported are same as carrying values.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

29 Financial instruments (continued)

(d) Fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. 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
2011			
Available-for-sale financial assets	-	60,378	-
Derivative financial liabilities	-	(134,236)	-
	----	-----	----
	-	(73,858)	-
	==	=====	==
2010			
Available-for-sale financial assets	-	51,439	-
Derivative financial assets	-	10,970	-
	----	-----	----
	-	62,409	-
	----	-----	----
Derivative financial liabilities	-	(96,379)	-
	----	-----	----
	-	(33,970)	-
	==	=====	==

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

30 Business combination

On 16 August 2011, the Company acquired 60% interest in Integra Port Services N.V and Suriname Port Services N.V (“Suriname Group”) for a total cost of USD 31,315 thousand (net of cash). The Suriname Group is engaged in the ports business in the Republic of Suriname.

This acquisition has resulted in recognition of goodwill of USD 9,693 thousand, port concession rights of USD 32,474 thousand and non-controlling interest of USD 15,753 thousand.

From the date of acquisition, Suriname Group has contributed revenue of USD 5,898 thousand and profit of USD 1,567 thousand. If the acquisition had taken place at the beginning of the year, the revenue would have been USD 15,600 thousand and profit would have been USD 4,144 thousand.

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:

	2011 USD'000	2010 USD'000
Within one year	192,961	178,080
Between one to five years	711,097	1,104,490
Between five to ten years	1,086,178	1,354,819
Between ten to twenty years	1,398,808	1,642,390
Between twenty to thirty years	1,357,630	708,095
Between thirty to fifty years	1,201,046	1,031,959
Between fifty to seventy years	1,063,338	914,908
More than seventy years	1,075,017	1,120,762
	----- 8,086,075 =====	----- 8,055,503 =====

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:

	2011 USD'000	2010 USD'000
Within one year	22,691	22,163
Between one to five years	75,966	61,483
More than five years	25,887	38,075
	----- 124,544 =====	----- 121,721 =====

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

31 Operating leases (continued)

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

	2011 USD'000	2010 USD'000
Estimated capital expenditure contracted for as at 31 December	538,383 =====	462,425 =====

33 Contingencies

- (a) The Group has contingent liabilities amounting to USD 99,491 thousand (2010: USD 143,827 thousand) in respect of payment guarantees, USD 82,117 thousand (2010: USD 114,446 thousand) in respect of performance guarantees and USD 195 thousand (2010: 2,266 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 loan and lease guarantees issued on behalf of equity-accounted investees (refer to note 27).
- (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") has raised a demand for an amount of USD 22,548 thousand (2010: 26,733 thousand) from Chennai Container Terminal Limited ("CCTL"), a subsidiary of the Group, on the basis that CCTL has failed to fulfil its obligations in respect of non-transshipment containers for a period of four consecutive years from 1 December 2003. CCTL has subsequently paid USD 12,047 thousand (2010: USD 14,282 thousand) under dispute in the year 2008. CCTL has commenced legal proceedings at the Chennai High Court against CPT. Based on advice from the legal counsel, management believes that the legal proceedings will have no adverse impact on the Group's financial position; the amount paid is highly likely to be recovered eventually and will not result in termination of the license agreement to operate the port.

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

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

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

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	Container terminal and other operations
DP World Breakbulk N.V.	60%	Belgium	General cargo terminal operations
DP World (Canada) Inc.	100%	Canada	Container terminal operations and stevedoring
Egyptian Container Handling Company (ECHCO) –S.A.E.	90%	Egypt	Container terminal operations
DP World Germersheim, GmbH and Co. KG	100%	Germany	Container terminal operator and barge management operator
CSX World Terminals Hong Kong Limited	66.66%	Hong Kong	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 SRL	100%	Peru	Container terminal operations
Doraleh Container Terminal SARL	33.33%*	Republic of Djibouti	Container terminal operations
Constanta South Container Terminal SRL	75%	Romania	Container terminal operations

DP World Limited and its subsidiaries

Notes to consolidated financial statements (*continued*)

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 SA	60%	Spain	Container terminal operations
Integra Port Services N.V.	60%	Suriname	Container terminal operations
Suriname Port Services N.V.	60%	Suriname	General cargo 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
Saigon Premier Container Terminal	80%	Vietnam	Container terminal operations

(c) Associates and joint ventures – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Djazair Port World Spa	50%	Algeria	Container terminal operations
DP World 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
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
Asia Container Terminals Limited	55.16%**	Hong Kong	Container terminal 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
Tianjin Orient Container Terminals Co Ltd	24.50%	People's Republic of China	Container terminal operations

DP World Limited and its subsidiaries

Notes to consolidated financial statements (continued)

34 Significant group entities (continued)

(c) Associates and joint ventures – Ports (continued)

Legal Name	Ownership interest	Country of incorporation	Principal activities
DP World Yantai Company Limited	32.50%	People's Republic of China	Container terminal operations
Asian Terminals Inc	50.54%**	Philippines	Container terminal operations
Vostochny Stevedoring Company	25%	Russia	Container terminal operations
Laem Chabang International Terminal Co. Ltd	34.50%	Thailand	Container terminal operations
Tilbury Container Services Ltd (refer to note 35)	34%	United Kingdom	Container terminal operations
Dubai & Aden Port Development Company	33.34%	Yemen	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
Defence Maritime Services Pty Ltd	50%	Australia	Maritime services
ATL Logistics Centre Hong Kong Limited	34%	Hong Kong	Warehouse owner/ operator
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	Management of marine assets service & port support operations

DP World Limited and its subsidiaries

Notes to consolidated financial statements *(continued)*

34 Significant group entities (continued)

(e) Ports under development

Legal Name	Ownership interest	Country of incorporation	Principal activities
Empresa Brasileira de Terminais Portuarios S.A.	26.91%	Brazil	Container terminal operations
Rotterdam World Gateway B.V.	30%	Netherlands	Container terminal operations
DP World Properties Liman Isletmeleri Anonim Sirketi	100%	Turkey	Container terminal operations
London Gateway Port Ltd	100%	United Kingdom	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 these entities, they are not treated as subsidiaries, but instead treated as joint ventures. The underlying joint venture agreement with the other shareholders does not provide significant control to the Group.

35 Subsequent event

On 25 January 2012, the Group sold its entire 34% shareholding in Tilbury Container Services Limited for a total consideration of USD 75,480 thousand.