Stronger together

AD Ports Group
Integrated Annual Report
and Accounts 2022

AD PORTS GROUP

AD Ports Group is one of the region's leading enablers of trade, industry and logistics

As a strategic gateway to Abu Dhabi, the economic engine of the UAE, the Group operates an integrated ecosystem of Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital services.

Our vision
Driving global trade through an integrated portfolio of world-class ports, industrial zones, maritime assets and logistics supply chains.

Our mission
To position Abu Dhabi at the frontier of global trade, by managing world-class global logistic value chains, driving operational excellence by leveraging digital technologies, meeting stakeholders' dynamic needs, forging relationships, and maximising shareholder value.

Our values

Ready to respond

Eager to collaborate

Safe, secure & sustainable

Innovative for excellence

Fair & committed

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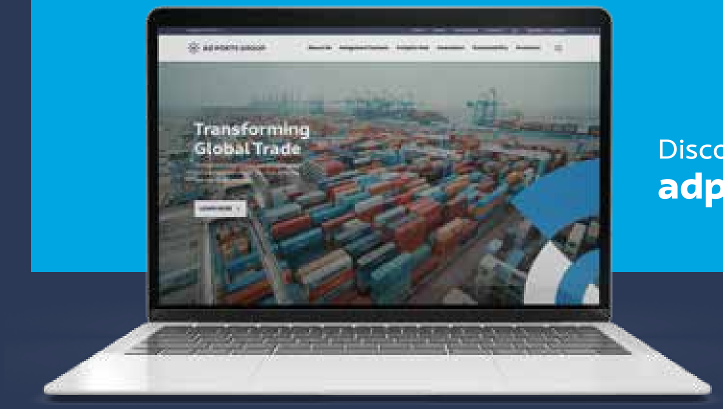

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Strategic Report


COSCO SHIPPING
KHALIFA PORT ميناء خليفة
COSCO SHIPPING
KHALIFA PORT ميناء خليفة
COSCO SHIPPING

At a Glance

AD Ports Group is a vertically integrated trade enabler, providing strategic access to the UAE, one of the Middle East's fastest-growing economies, and turning Abu Dhabi into a trade hub to serve the world.

The company's five business Clusters – Economic Cities & Free Zones, Ports, Maritime, Logistics and Digital – make up a resilient trade community bonded by strong partnerships which generate stable performance and consistent growth.

Key facts

Exclusive developer and regulator of ports and related infrastructure in Abu Dhabi

One of the **world's fastest-growing** vertically integrated ports and logistics groups

High-quality revenue generated by long-term contracts

Strategic trade gateway to the UAE

An **end-to-end logistics business** with a global network of partners

Publicly listed company from 8 February 2022 (Ticker: ADPORTS on Abu Dhabi Securities Exchange)

Khalifa Port, **a world-class deep-sea port** accommodating the largest ships

Key financial highlights

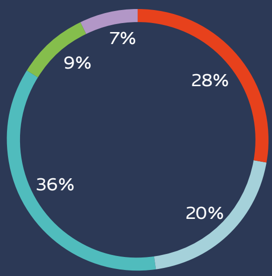
Revenue (AED)

5,498 Mn

+41%

Revenue composition by Cluster (%)

- EC&FZ
- Ports
- Maritime
- Logistics
- Digital



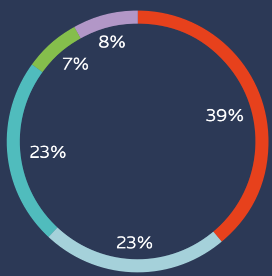
EBITDA (AED)

2,175 Mn

+36%

EBITDA composition by Cluster (%)

- EC&FZ
- Ports
- Maritime
- Logistics
- Digital



Net Profit (AED)

1,284 Mn

+51%

Total Assets (AED)

38,512 Mn

+37%

Net Debt / EBITDA (x)

2.0x

We provide a **competitive trading environment**

Our ecosystem

AD Ports Group is an integrated portfolio of world-class Economic Cities & Free Zones, Ports, Maritime, Logistics and Digital businesses driving the growth of international trade.

Year in Review 2022

In 2022, AD Ports Group delivered a remarkable growth story in a transformational year that saw it achieve global expansion and record results during its first year as a publicly listed entity. In what will be remembered as one of the most important years in the company's history so far, the Group welcomed His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, to inaugurate the expansion of Khalifa Port.

Q1 2022

On 8 February 2022, the Group celebrated the successful listing of its shares on the Abu Dhabi Securities Exchange (ADX) under the ticker symbol ADPORTS.

The Group acquired Divetech Marine Engineering Services, a UAE-based topside-subsea solutions provider that offers a range of services, including installation, inspection, repair, and maintenance, and Alligator Shipping (ASCL), a UAE-based Non-Vessel Operating Common Carrier (NVOCC) shipping and logistics service provider primarily covering customers in the UAE and India.

In an important strategic milestone, the 'Abu Dhabi Food Hub - KEZAD' - was launched in partnership with Ghassan Aboud Group and in collaboration with Rungis.

The Group also launched 'Global Auto Hub Abu Dhabi,' one of the region's largest export and distribution hubs for the automotive industry, covering 3.3 km^2.

Q2 2022

In Q2, the Group signed Heads of Terms agreements with the Red Sea Ports Authority to develop major port projects along Egypt's coastline, including a multi-purpose terminal in Safaga Port, as well as cruise ship berths and terminals at Sharm El Sheikh, Hurghada, and Safaga ports.

The Group also partnered with the National Marine Dredging Company Group (NMDC) to set up a new offshore survey and subsea services company called SAFEEN Surveys and Subsea Services.

The year was also marked by a series of transformational investments, acquisitions, and the opening of new trade corridors. Furthermore, through a successful restructuring and the realisation of a vertically integrated Cluster model, the Group completed 2022 as a transformed business that has delivered exceptional shareholder value.

Q3 2022

In Q3, the Group hosted the Abu Dhabi Industrial Strategy launch at KEZAD, which will see the Abu Dhabi Government invest AED 10 billion across six transformational programmes. The Group also signed a series of agreements with SEG, one of Uzbekistan's largest oil and gas companies, to open new logistics and freight businesses and develop a food trading hub in the Central Asian nation.

In September, the Group launched KLP21, a new advanced warehousing and logistics hub located in KEZAD, to serve food and healthcare sectors requiring significant cold and ambient storage capacity capable of serving a combined market of 4.5 billion consumers.

The Group also completed its first international acquisition in Q3, acquiring a 70% equity stake in Egypt-based Transmar International Shipping Company (Transmar) and Transcargo International SAE (TCI). Furthermore, the Group launched the 'KEZAD Group' by combining all its economic zones under one umbrella. SAFEEN Feeders launched a new container shipping service linking the UAE with the Red Sea and one that will link Karachi in Pakistan with the Middle East and East Africa. The Group also launched a new UAE-China service that connects the Chinese ports of Shanghai, Qingdao and Ningbo directly with Khalifa Port in Abu Dhabi.

In addition, the Group collaborated with shipping and logistics leader CMA CGM Group in launching a new Southeast Asia service linking Singapore, Colombo and Chennai, and SAFEEN Feeders signed a major long-term agreement with Invictus Investment to launch a new international dry bulk shipping service – SAFEEN Invictus.

Q4 2022

The Group's digital arm, Maqta Gateway, teamed up with Emirates Post Group and SkyGo to launch trials for the emirates' first-ever postal delivery service conducted via aerial drones.

The Group also announced the acquisitions of an 80% stake in Global Feeder Shipping (GFS), a global emerging markets container shipping company operating 20 services in the GCC, Red Sea, Indian Subcontinent, and Southeast Asia regions, and 100% ownership of Noatum, a leading global logistics platform with a presence in 26 countries.

The Group also broke ground on constructing the UAE's largest fulfilment centre in Abu Dhabi for Noon, the Middle East's leading online shopping destination. The centre forms part of an anchor investment by Noon into the emirate's fast-growing e-commerce space.

In December, KEZAD Communities merged with Al Eskan Al Jamae LLC to create Abu Dhabi's largest integrated staff accommodation company.

December also saw the Group sign a shareholder agreement with KMTF (Kazmortransflot) to launch a joint venture that provides offshore and shipping services for energy companies in the Caspian Sea.

The **smart way** to invest in Abu Dhabi

Vertically integrated business model

Our ecosystem of five Clusters: Economic Cities & Free Zones; Ports; Maritime; Logistics and Digital provide stability and a platform for stable and predictable long-term growth.

Robust strategy for growth

The Group's growth strategy is driven by a de-risked approach, given its stable and highly predictable revenues and its supportive macro and top-down story. Our triple-play growth strategy with complementary drivers – operational ramp-up of existing assets, ongoing AED 15 billion capex programme planned for the next five years, and M&A activity domestically and internationally – is well supported by our strong balance sheet and quality asset base and will ensure resilient expansion through economic and industry cycles.

With clear outcomes and objectives, the Group's three-stage growth strategy sets out to consolidate its position in Abu Dhabi and the UAE, deliver focused regional expansion, and expand globally to become a leading logistics and trade services player. The Group has already established itself as a regional champion out of Abu Dhabi and has now been working on scaling up its world-class capabilities to become the regional go-to logistics and trade services provider.

Furthermore, the Group has developed a focused inorganic expansion strategy that is built around well-defined criteria. It will proactively explore and pursue opportunistic complementary, synergetic and value-added investments. Inorganic investments will primarily concern logistics, maritime, and port assets to enhance customer relationships, influence trade routes, improve connectivity, expand logistics footprint, and build our larger Abu Dhabi-based assets. Inorganic opportunities will also have to offer appropriate scale and strong and stable management while being financially attractive.

World-class assets

Investors are attracted to our world-class assets, infrastructure, and investments, such as our state-of-the-art Container, Ro-Ro (roll-on, roll-off vehicle), General Cargo and Cruise facilities. Our land bank of more than 550 km^2 for industrial development – two-thirds the size of Singapore – is a significant strength. We plan to turn KEZAD into one of the world's largest economic and industrial free trade zones. Furthermore, our mix of landlord and operating business models and our diversified revenue streams are key value propositions for investors. Although we are a global trade company, we are exposed to different market cycles and dynamics and conduct a significant portion of our business with a de-risked approach.

Smart thinking

We continue to leverage technology to make our operations more efficient. Digital innovations are a cornerstone of our operations and enhance value across our Group every year. Through Maqta Gateway – a wholly owned subsidiary of AD Ports Group – the Digital Cluster has developed a series of digital platforms since its inception in 2016. Designed to catalyse and streamline global trade through integrated digital solutions, the Cluster's work has cemented the Group's fast-growing global reputation as an international end-to-end trade and logistics enabler.

Solid financial base

The long-term nature of our contract business, which is typically longer than 15 years, underpins around 75% of our revenue. Our well-balanced capital structure and solid financial position are reflected in our A+ investment grade credit ratings from Fitch and S&P Global and are further aided by our diversified portfolio and partnership model.

Our organic capital expenditure expectations – AED 15 billion from 2023 to 2027 to expand Khalifa Port and its connectivity, continue to diversify and increase the capacity of our Maritime Cluster as well as further develop our Economic Cities & Free Zones – will set the stage for further growth.

In February 2022, we raised AED 4 billion through our direct listing, with the equity proceeds having been deployed to generate organic growth in the medium and long term. Looking ahead, we will aim to fund development through bond issuances as the predominant long-term funding vehicle, with revolving credit facilities constituting a liquidity backstop.

Shareholder support

Our anchor shareholder, Abu Dhabi Developmental Holding Company (ADQ), with a 75.44% stake, is aligned with our growth plans, including international expansion. In early 2022, ADQ transferred its 22.32% equity stake in the integrated transport and logistics player Aramex PJSC and its 10% stake in National Marine Dredging Company PJSC (NMDC) to AD Ports Group. This added approximately AED 2.5 billion in assets to our balance sheet. AD Ports Group is committed to maximising shareholder value as it leverages its unique business ecosystem to bring about one of the world's leading integrated ports and logistics trade hubs, driven to set the standard for excellence at the forefront of a changing industry.

Experienced management

Our investors can rely on our highly experienced management team, who consistently identifies and capitalises on opportunities to drive our ambitious growth strategy forward. This decisive approach has enabled the Group to execute value-accretive, transformative acquisitions, notably GFS and Noatum. A key aspect of our inorganic growth strategy is to ensure the acquired companies possess exceptional managerial expertise, which contributes to the overall quality and success of our expanding operations.

Exceptional outcomes in extraordinary times

"Following a standout year of strategic, geographic, and financial growth, AD Ports Group has cemented its position as a leading international trade facilitator and fully integrated provider of global trade logistics and transport solutions. Through tenacity, vision, and dedication, the Group has delivered exceptional operational outcomes and rewarded the trust of its new shareholders with record-breaking financial results."

His Excellency Falah Mohammed Al Ahbabi

It is telling that the UAE economy continued to grow throughout a period of sustained global uncertainty in 2022. Through global supply chain disruptions and soaring inflation, the UAE's stable governance and robust economic performance are a testament to a national character fortified with resilience and a determination to overcome obstacles. That is why the Group completed 2022 with such extraordinary outcomes.

Maximising synergies

Across the Group's Clusters, we have seen geographic expansion, multi-market acquisitions, new trade routes, new assets, and soaring operational throughput. Our acquisition of Noatum – a logistics provider in 26 countries – significantly broadens the Group's global footprint. This reach will be leveraged to capture a higher share of business in key trading partner geographies.

Similarly, the purchase of an 80% stake in Dubai-based Global Feeder Shipping (GFS) – the third largest feeder shipping business globally – places AD Ports Group as the biggest pure feeder operator in the region and the third largest globally by container capacity. The Group also completed the acquisition of a 70% stake in International Associated Cargo Carrier (IACC) in Egypt, which brought the total signed mergers and acquisitions (M&A) to a total of seven transactions with a value of AED 5.9 billion. The financial impact of these deals can be seen across the business, particularly in the contribution of the Maritime Cluster, which delivered revenue growth of 253% year-on-year. This outstanding performance has been driven by a broader service offering and increased activity in new business segments, including feedering, chartering, transshipment, and offshore services.

Strategic synergies between and within Clusters have also driven growth. The Economic Cities & Free Zones Cluster's integration of KIZAD and ZonesCorp created the region's most extensive integrated trade, logistics, and industrial hub. Named KEZAD Group, the newly combined body is poised to unlock widespread opportunities for investors and accelerate its land and infrastructure model. Economic Cities & Free Zones Cluster's revenue increased by 6% to reach AED 1,658 million.

Synergies between KEZAD Group and the Ports Cluster also bore fruit, with the latter delivering like-for-like revenue growth of 21% year-on-year and a 28% surge in container throughput. The Ports Cluster also saw the inauguration of the South Quay and KPL expansion project at Khalifa Port as well as the construction commencement of the new CMA CGM container terminal.

Meanwhile, the Logistics Cluster paved the way for new advanced warehouse and cold storage facilities at the KEZAD Logistics Park, completing the year with year-on-year revenue down by 12% due to lower demand for vaccines post global improvement in COVID-19 situation. We also saw the Digital Cluster, which works in synergy across the entire Group, deliver revenue growth of 11%, driven by the development of a series of technology-led solutions.

Abu Dhabi Securities Exchange

It is a testament to its extraordinary talents, services, infrastructure and solutions that the Group has delivered these historic outcomes during a year of significant global uncertainty while also listing on the Abu Dhabi Securities Exchange. The listing, which was heavily oversubscribed, saw a total of around 1.25 million shares sold, representing 24.58% of the overall ownership.

Since the listing, the Group's credit rating of A+ was reaffirmed by both S&P Global and Fitch multiple times, highlighting the Group's strengths as one of the key companies fostering Abu Dhabi's non-hydrocarbon economy and diversification. Since listing, the stock's opening price of AED 3.2 increased by almost 80% to reach AED 5.74 on 31 December 2022. By year-end, the Group had a market capitalisation of AED 29.2 billion. This performance reflects the strength of the Group's strategy for growth, geographic expansion, and targeted investments.

Unleashing economic opportunity

Our investments, designed to accelerate and solidify the Group's role as a world-class international logistics hub, will bring our infrastructure closer than ever to where the economic activity is taking place. The development of a new six-kilometre South Quay expansion project at Khalifa Port will help the largest vessels in the world connect through Abu Dhabi to every global market.

As we look ahead, the Group now sits in an exceptionally strong position, well placed for global expansion and poised to deliver remarkable growth across the business. Aligned with the socioeconomic goals laid down by the UAE's visionary leaders, the Group looks forward to maximising its contribution to national economic development, job creation, and its place on the international stage.

Facilitating global trade

Through new agreements in frontier and emerging economies, we look forward to working with multilateral trade bodies to support and enhance intra-regional trade worldwide. We also look forward to facilitating trade and supporting the flow of goods around the world - and across our region - during a period of continued global economic and geopolitical uncertainty.

I want to take this opportunity to thank the Board of Directors for their strategic focus during a year of such profound change and all of the Group's employees for their hard work in delivering such exceptional operational and financial outcomes. I would also like to express my gratitude to our national leaders for their guidance over recent years and to the Abu Dhabi Securities Exchange regulators for their help in making the Group's listing such a success.

His Excellency Falah Mohammad Al Ahbabi
Chairman of AD Ports Group

Resilient growth in turbulent times

"Our role in facilitating national, regional and global trade accelerated at breakneck speed during a remarkable and transformative year for AD Ports Group."

Captain Mohamed Juma Al Shamisi

2022 was a breakthrough year for AD Ports Group as we delivered record financial results and reinforced our rapidly growing position as the region's leading provider of integrated supply chain solutions and a gateway to Abu Dhabi and the region's most diverse and fastest-growing economies. It is thanks to the wise and visionary leadership of the UAE that we are able to report outstanding performance in a year of such profound global uncertainty.

Despite the international context and continued supply chain disruptions, the Group's five Clusters delivered exceptional operational and financial results, leading to an overall increase in Group revenues of 41% and a 51% increase in Net Profit. These outstanding results were driven by the continued ramp-up of existing operations, higher utilisation of increased capacity, new business segments and service offerings as well as the acquisition of Divetech, Alligator Shipping Company, SAFEEN Surveys

41% increase in revenues

and Subsea Services and IACC (Transmar and TCI).

Additionally, and in alignment with Abu Dhabi's long-term industrial and economic diversification strategies, the Group leveraged synergies across all its five Clusters to expand services, invest in new logistics infrastructure, and complete a series of significant acquisitions. The latter has served to significantly widen the Group's presence in international markets and diversify its capabilities across global trade routes.

A year of acquisitions

In total, the Group announced seven M&A transactions worth AED 5.9 billion in 2022, with four of them completed last year and the remainder to be completed in the first half of 2023. In what is one of the Group's most significant strategic moves, it acquired an 80% share of Dubai-based Global Feeder Shipping (GFS). The move offers vast opportunities for expansion across multiple markets and regions and further solidifies the Group's hub and spoke model by linking core markets in South East Asia, Indian subcontinent, the Red Sea and East Africa to its key port and economic zone assets, notably Khalifa Port and KEZAD.

51% increase in Net Profit

Group CEO's Statement continued

The Group also acquired Noatum, a logistics company which operates in 26 countries with a workforce of close to 2,700 people. The AED 2.2 billion acquisition significantly broadens AD Ports Group's global footprint and provides a platform to develop a leading international logistics and freight forwarding company.

A series of other acquisitions and JVs also took place, expanding our service offering to include offshore logistics, surveys, and subsea services to better serve the growing regional oil and gas industry. The Group also saw the Digital Cluster deliver double-digit growth, with the Advanced Trade and Logistics Platform (ATLP), the single trade window of Abu Dhabi, passing its 100 millionth digital transaction.

Infrastructure development

In a significant strategic development, the Economic Cities & Free Zones Cluster merged KIZAD and ZonesCorp under KEZAD Group, which now forms the region's largest integrated trade, logistics and industrial hub. The new body brings a unified, end-to-end logistics approach much closer to businesses in key industries, including logistics, food and AgriTech, metals, automotive, plastic, polymers and speciality chemicals.

2022 also saw the accelerated development of new logistics, digital and ports infrastructure. The Group's Logistics Cluster set in motion plans to create a new distribution business line for the healthcare sector and paved the way for the launch of new advanced warehouse and cold storage facilities at KEZAD. Furthermore, the AED 4 billion South Quay expansion project at Khalifa Port significantly upgraded the Group's global connectivity and container capacity, future-proofing its position as a truly integrated enabler of international trade.

At Khalifa Port, development of the new CMA CGM Terminal continued and a new strategic partnership with Alexander Global Logistics BmbH was signed, which advances Abu Dhabi's transformation into a regional leader for pulp and paper products. An agreement was also signed with the Dubai-based subsidiary of the Italian multinational oil and gas giant, Eni Abu Dhabi, to establish a marine logistics base at Mugharraq Port that supports offshore drilling operations in the Al Dhafra region. Significant progress was also made in the development of Abu Dhabi's first greenfield commercial bulk liquid storage terminal, which is being built as part of a strategic agreement signed with Saudi Arabia-based Arabian Chemical Terminals (ACT).

Seven M&A transactions worth **AED 5.9 billion**

Sustainability

In addition to these extensive operational advancements, much progress was made in the Group's sustainability journey in 2022, including solar power systems, advanced insulation materials, centralised refrigeration, fleet telematics, electrically powered vessels and dual-fuel technologies that leverage hydrogen and biofuels for hybrid vessels.

The Group's focus on sustainability also saw it enrich its existing environmental, social and governance (ESG) principles with an updated ESG strategy that is

fully aligned with the 2023 Year of Sustainability, launched by the President of the UAE in 2022. The ESG strategy provides a roadmap for environmental stewardship, corporate capabilities, responsible business practices and enriching lives. Collectively, these form a framework for the Group's ESG approach and methodologies.

Initial Public Offering

The ESG framework also incorporates fundamentally important governance protocols integral to the Group's ability to sustain growth and add value to its shareholders. The decision to list on the Abu Dhabi Securities Exchange (ADX) forms part of the Group's long-term value creation and sustainability roadmap, placing it front and centre in the development of Abu Dhabi's capital markets and the emirate's industrial diversification.

As we look to deliver sustained shareholder value in 2023, we will build upon the many significant advancements made in 2022. In particular, the Group's global reach will continue to expand, as will its activities in strategically important shipping, logistics and ports segments. Supported by the most advanced infrastructure and fleets, the Group faces the significant potential for regional and international growth as it continues to enhance the portfolio of services it offers to customers around the world.

Captain Mohamed Juma Al Shamisi

Managing Director and Group CEO of AD Ports Group

Business Model

Our vertically integrated operations allow us to generate synergies across our five core business Clusters.

We leverage our sources of competitive advantage…

…to operate our unique business ecosystem to develop one of the world's leading integrated ports and logistics trade hubs…

World-class assets

Well-invested assets and unrivalled capacity including state-of-the art Container, Ro-Ro (roll-on, roll-off vehicle), General Cargo and Cruise facilities, and a land bank of more than 550 km^2 for industrial development.

Innovative technology

Digital solutions that increase the efficiency and productivity of maritime business interactions, fostering transparency and access to real-time information, including the Advanced Trade and Logistics Platform (ATLP), the official single window for trade in Abu Dhabi.

Strategic partnerships

Joint ventures and partnerships within the UAE and internationally, with industrial leaders and strong institutional support from the emirate of Abu Dhabi.

Respected reputation

Recognition by numerous prestigious industry bodies and global leaders in maritime trade and logistics.

Economic Cities & Free Zones

Our Economic Cities & Free Zones Cluster serves over 1,850 customers, providing a hub for manufacturing, logistics and trade.

Ports

Our Ports Cluster owns and operates Khalifa Port and other community ports in the region.

Maritime

Our Maritime Cluster provides shipping and marine services, delivers world-class maritime education and training courses and governs and regulates Abu Dhabi's maritime sector.

Logistics

Our Logistics Cluster provides end-to-end supply chain and freight solutions to local and international clientele.

Underpinned by:

Strong culture and values

Robust risk management

...creating value for our stakeholders

What we do

Our broad portfolio of infrastructure and services allows us to support a flourishing economy and to address the complexities of global trade and logistics from every angle.

Our unified team works across our integrated business Clusters, Economic Cities & Free Zones, Ports, Maritime, Logistics and Digital, connecting global maritime routes and international trading partners.

Digital

Our Digital Cluster provides advanced, smart and innovative digital solutions to stakeholders within trade and logistics communities.

Customers

We build long-lasting partnerships with our customers, collaborating with them to meet their goals, providing high quality, efficient and value-added services.

Employees

We provide a safe, rewarding and inspiring place for employees to work and develop their careers.

Investors

We manage risk prudently and provide attractive returns to our shareholders, investing in our assets for long-term growth.

Communities and society

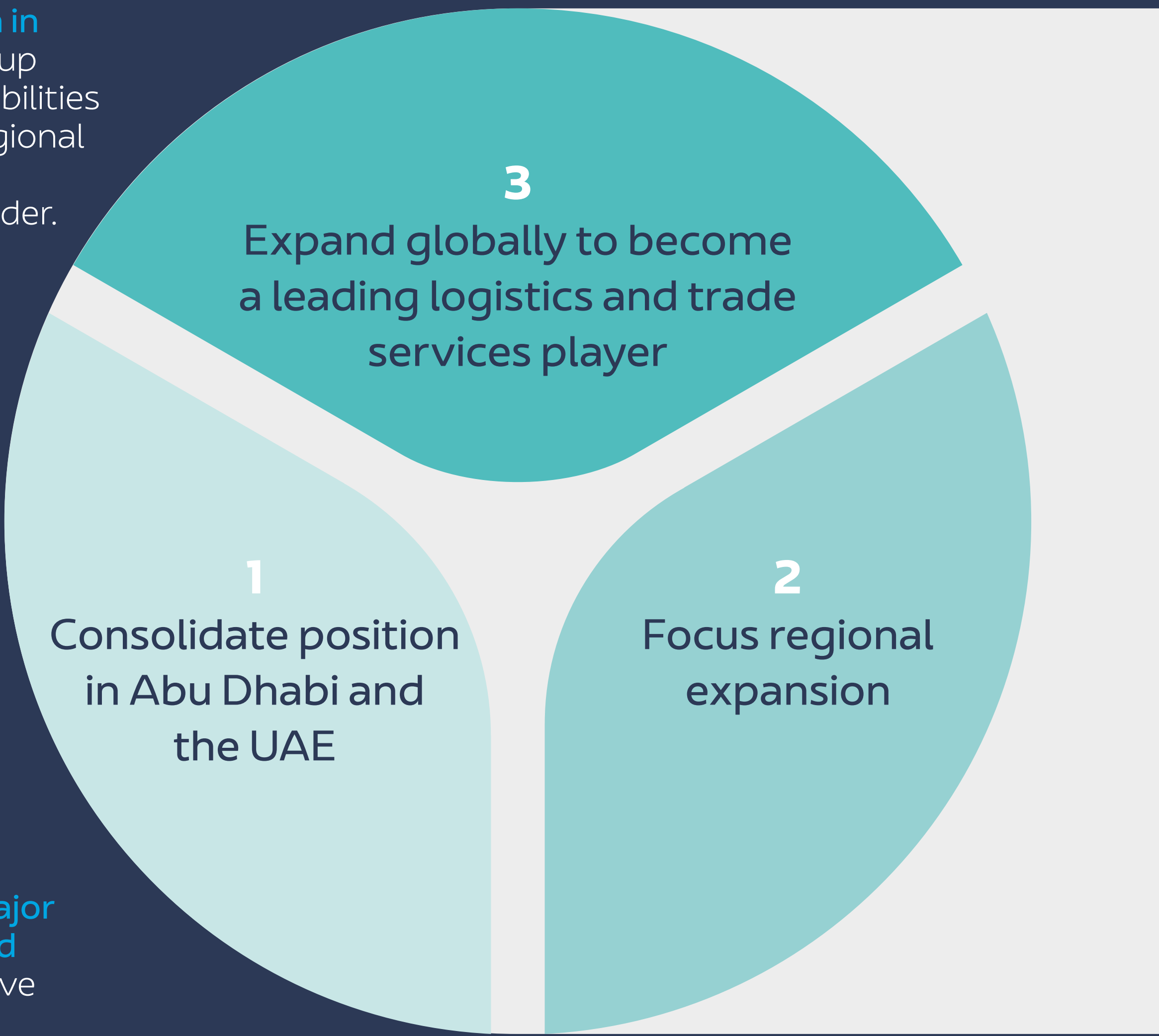
We are an enabler of trade, industrialisation and economic diversification, supporting Abu Dhabi's aims to be a leading global hub for trade and logistics. We provide jobs, skills and training in the communities in which we operate, and are committed to social and environmental sustainability.

Sustainability focus

Responsible governance

A **three-stage growth strategy** with clear objectives and outcomes

Regional champion in Abu Dhabi to scale up to world-class capabilities and become the regional go-to logistics and trade services provider.



Presence across major maritime and inland supply chains to drive network effects.

Customer-led regional expansion: Accompanying our customers by focusing on specific trade routes, specific supply chains, and specific products and services.

Critical trade maritime routes for the UAE are MENA, India and Southeast Asia.

Priority industrial supply chains include:

- Machinery and equipment
- Processed food and beverage
- Metals
- Chemicals and plastics
- Raw construction materials
- Commodity food
- Automotive and spares
- Healthcare and pharma

Key outcomes

Maximum returns and portfolio synergies

Maximum customer 'stickiness'

Superior supply chain outcomes

This pivot will enable AD Ports Group to unlock the full potential of critical industry value creation levers.

- **Scale and geographic reach**
- **Focused portfolio diversification**
- **Vertical integration**
- **Innovation and technology**

Value creation levers

Lever	Discussion
Scale and geographic reach	• Substantial market presence pan-regionally or globally • Ability to participate in trade flows meaningfully from origin and destination
Focused portfolio diversification	• Multi-service offering with a clear underpinning strategic logic on portfolio choices • Ability to reduce risk and hedge for growth
Vertical integration	• End-to-end presence and capabilities across the entire supply chain (from origin to destination) • Ability to own end-customers and optimise supply chain performance
Innovation and technology	• Digital solutions are intrinsic to the corporate identity (strategy, operations, support) and underpinned by a discernible culture of innovation • Ability to differentiate from and outperform competitors

Channels of Growth	Description	2022 Activity	Future Plans
Investing and building Abu Dhabi and the UAE as the prime logistics hub	**A regional champion for Abu Dhabi** To scale up world-class capabilities and become the regional go-to logistics and trade service provider.	• We continued to invest billions of dirhams in infrastructure in our Ports and Economic Cites and Industrial Zones (EC&IZ) Clusters. • We progressed the new Etihad Rail terminal at Khalifa Port. • We inaugurated South Quay, an expansion of Khalifa Port berths and terminal infrastructure. • We signed 4.2 km^2 of new foreign direct investment into our industrial zones. • We brought out innovative products within the industrial zones: Automotive City, Food Hub, and Metal Parks. • We provided greater connectivity and added several routes and services from Khalifa Port to Egypt, the upper Gulf, the Red Sea, and North Africa.	• We will continue to invest in inorganic growth through M&A to strengthen our scale and geographic reach. • We will continue to invest in our ports with AED 15 billion capital expenditure allocated over the next five years, mainly across our Maritime, Ports and EC&IZ Clusters.
Focused regional expansion	**Customer-led regional expansion** Accompanying our customers by focusing on specific trade routes, supply chains, products and services.	• We acquired the global logistics company, Noatum, which operates in 26 countries with over 2,700 people. The AED 2.2 billion acquisition significantly broadens AD Ports Group's global footprint and positions it among the world's leading logistics and freight forwarding companies. • We signed an agreement in Jordan and began constructing a cruise terminal at Aqaba. The development is the first of five strategic projects planned by the Group, supporting Jordan's journey towards building a modern tourism, logistics and transport sector.	• We will continue to look for new opportunities regionally to grow and expand across our five Clusters. • We will accelerate the Group's presence across major maritime and inland supply chains to drive network effects.

Channels of Growth	Description	2022 Activity	Future Plans
Focused regional expansion continued		• The strategic projects in Jordan support the Group's international growth strategy by leveraging Aqaba's pivotal location and vast potential as a regional hub on the Red Sea. • We began operations in Egypt by acquiring 70% of Transmar International Shipping International,Transmar, and Transcargo International, TCI. The acquisition provides the Group with a market-leading platform that ensures further growth in container and cargo volumes and port operations in Egypt, North Africa, and the entire Red Sea region. • In February 2022, the Group acquired Divetech Marine Engineering Services. This UAE-based topside-subsea solutions provider offers a range of services, including installation, inspection, repair and maintenance for oil and gas infrastructure and other related organisations. This enables the Group to integrate a dynamic company with a significant pipeline of potential new business into our operations. • In line with the Group's diversification strategy, the Logistics Cluster paved the way for opening its new advanced warehouse and cold storage facilities, KEZAD Logistics Park 21 (KLP21) – offering best-in-class food storage facilities that also boost national food security.	• We will continue to expand logistics capabilities to accelerate and enrich the Group's ability to attract global trade and facilitate import-export activities – in addition to its prowess in serving leading UAE businesses in large industrial sectors.
Expand globally to become a leading logistics and trade services player	**Critical trade maritime routes** Development of crucial trade routes across MENA, India and Southeast Asia.	• Organically, the Group acquired assets for deployment across the Gulf and the sub-continent, gaining the capacity to service markets from North Africa to the Red Sea by the end of 2022. • The acquisition of 80% of GFS is fundamental: the second largest dedicated feeder shipping business globally, it operates a comprehensive service network of 20 services across the GCC, Red Sea, Indian Subcontinent, and Southeast Asia regions. • The Group entered strategically important central and eastern Europe after signing two agreements with one of Uzbekistan's largest oil and gas companies, SEG. The MoU sets out plans for developing logistics, freight, and food trading infrastructure in the country by creating a new logistics and freight business.	• We will continue seeking new growth opportunities and areas of expansion to become a leading global logistics and trade services player. • We are focused on integration and optimisation, and our key focus is on acquisition synergies to gain more outcomes for our stakeholders. • Key high-growth markets such as Southeast Asia, the Indian Subcontinent and Central Asia regions are a focus as the Group.

The core of the AD Ports Group's strategy is premised on building supply chain density and resilience

Economic Cities & Free Zones
Where are the opportunities to add industrial/economic zones to international ports to enable logistics activity?

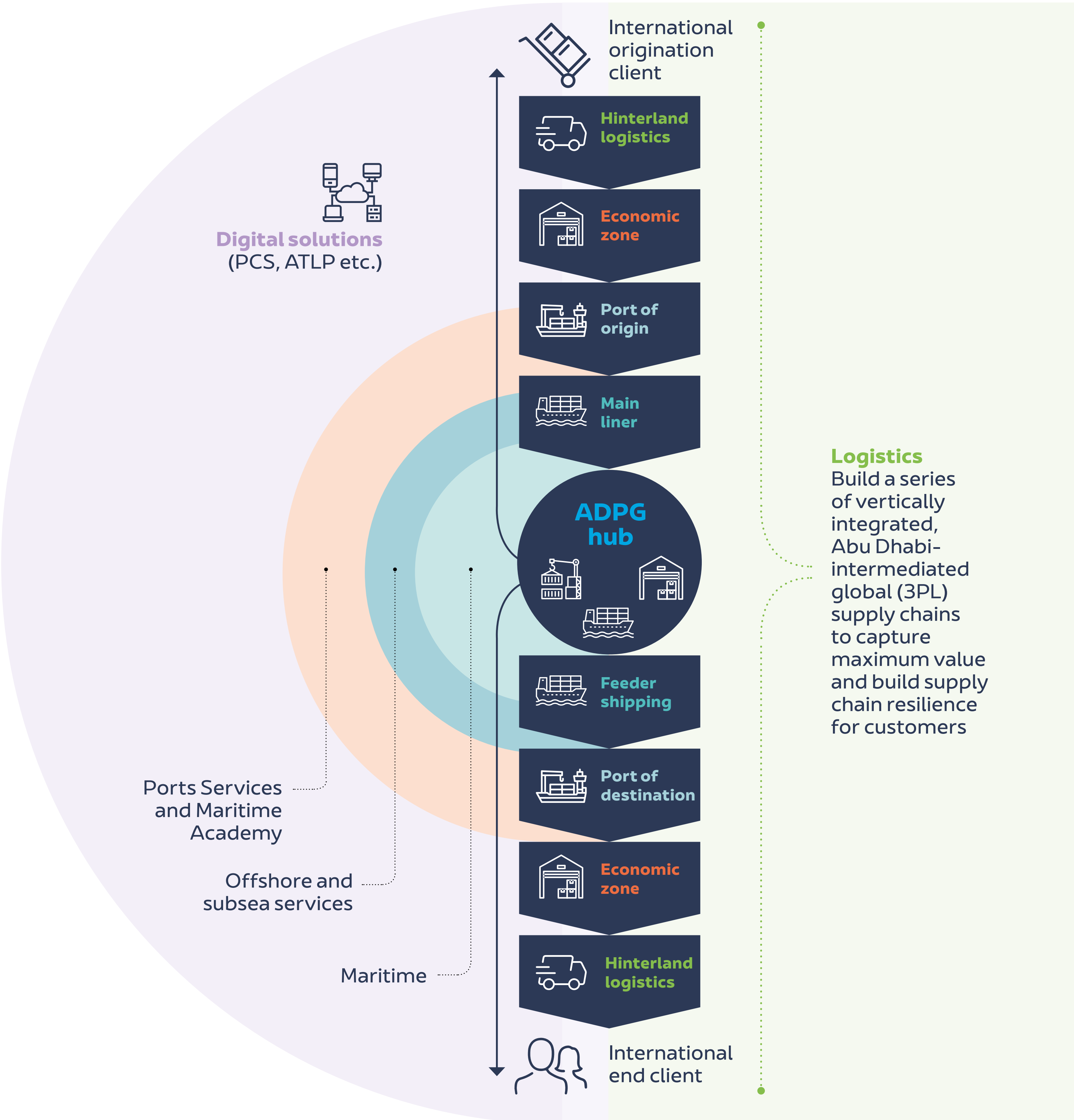
Ports
Where could AD Ports Group establish port access to secure entry to origination and/or destination markets?

Maritime
Where can AD Ports Group provide maritime services in internationally owned ports?

Logistics
What capabilities are needed, and where, to serve which key customers and value chains and must they be built or bought?

Digital
Which digital capabilities are needed to enable efficiency, optimisation and customer experience along the value chain?

Strategic rationale: Building strategic supply chain density and resilience



Human Capital and Emiratisation

During a year of historic change that saw AD Ports Group complete a series of significant acquisitions and listing on the Abu Dhabi Securities Exchange (ADX), the Group's Human Capital and Emiratisation (HC&E) department developed a new and comprehensive set of people strategies. This process required a fundamental restructuring of the Group's HC&E function to support the current and forthcoming transformations with a key focus on helping individual Clusters to realise their potential.

At the heart of the new strategy was the creation of a new centralised hub for all standard HC&E transactional activities built around a shared service model. This approach aims to achieve optimal HC&E operational effectiveness and provide high-quality customer services with best-in-class technologies and service level agreements. Supporting the transformation, the HC&E department developed an enhanced business intelligence dashboard to provide reporting and real-time access to information on people-related elements to senior management and stakeholders.

Well-being

The HC&E strategy also provided scope for a strong focus on well-being, with the development of a new strategy supported by a dedicated well-being section. The new team was established to provide leadership on all related matters by connecting, aligning and engaging employees with the Group's overarching well-being culture.

Talent management

In tandem with the development of this strategy was the formation of a comprehensive talent management approach that links business objectives, people and results. This outlines a clear strategic direction and maps out unified talent management initiatives necessary for the successful execution of the Group's business strategy for the coming five years. Notably, it provides an integrated talent management approach at a corporate level and across each business Cluster.

The objective is to help each Cluster and their respective subsidiaries leverage training and skills development relevant to their unique needs to innovate and maintain a leading market position. The HC&E department also developed a new ecosystem of infrastructures, policies and processes with proper delegation to empower individual Clusters to manage their strategic workforce planning processes.

Competency framework

Based on corporate values and business strategy, a new comprehensive competency framework was defined in 2022. The framework comprises a competency library that covers core, leadership and technical competencies in accordance with proficiency levels.
It includes:

- New core competences – these have been developed based on the core business capabilities required for the successful execution of the business strategy. They are relevant for all jobs regardless of the functional area of the employee. The new core competencies are designed to foster teamwork, build collaborative relationships, safety, and personal accountability.
- New leadership competencies – new senior-level leadership competencies were developed in 2022 based on the frequency of use and future needs. Competencies have been prioritised into four key pillars: Strategic, Operational, People and Personal. These cover the knowledge, skills, experience, and behaviours needed to perform key elements of a leader's role to accomplish organisational objectives. They are relevant for all managerial roles – positions in Management and Executive Streams – and have been defined as mental agility, customer focus, driving performance, adaptability, inspiring others, and courage.
- New technical competencies – the new technical competencies created in 2022 cover all job families and sub-families. All technical competencies are job-specific and considered essential for any role within a defined functional area. They refer to the knowledge, skills, experience, and behaviours needed to perform effectively in a specific job or group of positions within the organisation.

Training and development

In line with the needs of the newly structured Group, HC&E developed a comprehensive new training and development framework in 2022. The framework creates resources and pathways for bespoke career development and skills training plans for every Group corporate, subsidiary and Cluster-level employee.

Training libraries

All corporate functions and the five Clusters now have access to a unique training library that includes all the industry-specific tools, insights and training collaterals needed to develop bespoke career paths for every employee.

Career pathways

The new training and development framework determines that every individual at Group and Cluster level can work directly with their line managers to identify a clear, relevant, personalised career pathway. All development programmes are designed to meet the needs of the individual and the long-term needs of the Group.

Managerial ownership

Continuous learning is integral to the Group's ability to evolve and is considered a decisive competitive advantage for Group employees. The new framework provides specific provisions to ensure that line managers 'own' the technical training programme for their teams. They are given the freedom and flexibility to work closely with those they manage to encourage continuous learning.

70-20-10 model

The newly developed 70-20-10 model for learning and development is designed to ensure sustainability. It is holistic, combining multiple active, passive and cooperative learning methods. The 70-20-10 approach enables employees to gain a broad perspective of their role – and potential role – within the business; and ensures that a comprehensively trained workforce serves the Group's long-term sustainability.

E-learning

E-learning serves as a route towards building a fast-learning culture and encourages employees to continuously learn, seek, share and apply new knowledge and skills. The Group has invested in multiple e-learning solutions, including Harvard Manager Mentor, LinkedIn Learning, Udemy and Coursera. The Talent Management team has mapped and matched e-learning solutions for each employee across the Group to meet the specific needs of each employee. Reporting shows that each learner is spending, on average, more than ten hours of e-learning per month.

70%

when employees learn and develop through experience.

20%

when employees learn and develop through others – incorporating feedback, cross-business networking, peer learning, coaching, mentoring, and regular contact with positive role models.

10%

when employees learn and develop through structured courses – such as classroom training (F2F), online training, action learning workshops, certifications, reading, and external studies.

Human Capital and Emiratisation continued

Knowledge management
The strategy focuses on building an organisational knowledge base and developing employees' capabilities to build and maintain a competitive edge. The mission of knowledge management has started to take shape through the facilitation of knowledge flow through several channels and tools, including:

1. The knowledge champions' channel: bringing together people from multidisciplinary functions in one collaborative space.

2. The lessons learned platform allows employees to learn from their experiences and share them with their colleagues, eventually improving the quality of decision making. This serves to foster a knowledge-sharing culture across the Group.

The Group also ensures that all human capital activities, best practices, procedures and guidelines are made available and easily accessible for employees at different levels to aid them in performing their duties by creating a dedicated HC&E page on the intranet.

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Project management office
HC&E have established a strategic function to perform as a Project Management Office that serves as a regulating, counselling, and supporting role for all HC&E initiatives and programmes that target the Group's employees in alignment with its strategic objectives.

Training and development outcomes
In a breakthrough year for skills and career development, the new HC&E training and development framework completed over 38,000 hours of training and welcomed several development opportunities for women and leaders, as indicated below.

Voyagers of Discovery (formerly called the 'Developee Program') is a rigorous 12-month programme to attract and develop top Emirati talents in the maritime industry. 109 UAE nationals have completed the programme so far, and 2022 welcomed 20 fresh graduates who underwent a rigorous assessment and selection process to enter the programme. Additionally, the internship programme (ATLG) – a popular initiative designed for Emirati women in technology – attracted more than 4,000 expressions of interest. Around 170 talented females successfully graduated from the programme in 2022.

As an integral part of the Group's approach to sustainable growth, training and development are fundamental enablers of succession planning. In 2022 the Group ran a rigorous succession planning exercise designed to establish a shared understanding of the expectations for critical leadership roles. The exercise also helped evaluate candidates against those requirements to determine if they have the capabilities needed to fulfil such positions.

At its core, the succession planning process focuses on managing, supporting, and developing the next generation of managers and leaders within the Group and its five Clusters. Part of the approach required identifying roles critical to the organisation from a risk and business continuity perspective. The exercise concluded that 10% of unique functions are of a critical nature. The process also led to categorising roles into Top Talent, High Potential, and Emerging Talents. These provide greater visibility on the Group's talent pipeline.

38,418
hours of training completed

38 mentors
working towards ILM qualifications

10 mentors
have obtained ILM certifications

22 women
graduated from GLOW: Gain Leadership Opportunities for Women

4,000
ATLG internship inquiries

170
female applicants for ATLG internships

7
senior-level employees completed the International Terminal Management programme to pursue global opportunities

On-Demand Coaching and Mentoring Programme

A new coaching and mentoring framework was launched, with 100 hours of training and development

Diversity and inclusion

With more than 77 nationalities and 15 women in senior leadership positions, the Group ran the GLOW (Gain Leadership Opportunities for Women) in-house leadership accelerator with Aurora50 for the second year. The eight-week programme, customised exclusively for the Group, focuses on the personal development and technical capabilities of Emirati female employees. GLOW prepares competent Emirati women to feel confident in leadership roles, helping their career development and ensuring their value.

Onboarding

In 2022, an enhanced end-to-end onboarding experience was developed and launched. The new approach comprises multiple modules that take the employee into a comprehensive Group-wide journey across all aspects of the business, with access to all the information new joiners need to navigate their new careers. The onboarding process also explains the Group's approach to career development and training and how to engage with their relevant line managers to access lifelong learning opportunities.

Performance management

A new performance management system was developed in 2022 to facilitate the organisation's long-term success, bringing greater focus and definition to the Group's performance measures and strategies. The new system comprises a consistent performance criteria framework built around a core set of business-aligned competencies, framing employees' objectives around organisation-wide priorities and using a standardised rating scale. Integrating the competency framework into the performance process will continue into 2023.

In 2022 training sessions were conducted to enhance the performance management process towards an approach that fosters collaboration, coaching and development, and a high-performance culture. This involved the development of defined governance and calibration mechanisms to ensure the consistent and fair application of performance standards across the organisation and the Clusters. This resulted in 39% of the Group's talents achieving an above-average performance rating for 2022.

Corporate culture

Following the acquisitions completed in 2022, there has been an essential cultural alignment and integration process. To assist in this crucial cultural integration, HC&E has defined a robust corporate culture through shared values and the clear identification of thriving employees. With more than 77 different nationalities, the Group ensures that every employee is entrusted with developing a suitable workplace culture that clearly indicates who belongs. The results from the Group's 2022 employee satisfaction survey showed the following:

- Overall employee satisfaction happiness level in 2022 – 84%.
- Proud – 92% of the Group's employees agreed that they are proud to work for the Group – 92%.
- The Group's commitment to strategic goals – 87%.
- The Group supports innovation and creative thinking – 88%.
- The Group provides and maintains a safe work environment – 87%.

Remuneration

Integral to the retention of its workforce is a Group remuneration strategy that is competitive, performance related and meritocratic. In 2022, HC&E developed a long-term incentive plan to retain high-performing executives in addition to the existing short-term incentive plan that applies to all employees. A newly defined and enhanced compensation and benefits scheme is now in place. This has happened in tandem with the revaluation and realignment of jobs, so every position is industry-benchmarked to maintain the Group's competitive advantage.

Accreditations

In 2022 the Group secured a series of new accreditations, including:
'We invest in People' – Platinum level (highest accolade)
'ISO Knowledge Management' – 30401:2018

Future outlook

As the Group looks to build upon its successes from 2022, HC&E faces a series of opportunities and challenges. They include an imperative to create continuous alignment and synergies across all five Clusters using common platforms, processes and programmes. Moreover, this alignment must apply to all different people's priorities locally, regionally, and internationally. Other priorities for 2023 include the need to:

- Embrace analytics capabilities to align for future capabilities.
- Ensure a strong talent pipeline to respond to planned and opportunistic project demand.
- Strengthen leadership behaviours through building differentiated leadership profiles.
- Develop talent depth and breadth of experience that caters to future growth.
- Assess workforce quality, structure, and talent assets from the various acquisitions to absorb and unleash talent from acquired companies.
- Build and develop an international talent pool of both UAE and non-UAE nationals.
- Foster a flexible and agile workforce capable of delivering through periods of rapid business expansion by creating an integrated talent value chain and internal talent marketplace.
- Strengthen the business performance culture.
- Enhance the employer brand and social media engagement to attract international talent.
- Enhance the Group acquisition strategy, onboarding, and engagement programmes to attract and retain the best talent locally and globally.

Economic Cities & Free Zones

The purpose of Economic Cities & Free Zones has evolved over recent years, partly in response to national economic visions, demographics, diversification priorities and shifts in business models. New sectors such as dark kitchens, entertainment, and e-commerce and new digitalisation and tech trends are changing land use and reshaping how economic zones operate, their purpose and who they serve.

National needs – such as net zero targets and food security – are also providing an impetus for innovation and new infrastructure development.

The post-COVID-19 relaxation of border controls has driven activity with a significant increase in demand for industrial space, warehousing and specialist free zone services. Research suggests that the global storage and warehouse leasing market is poised to grow by around USD 88 billion between 2022 and 2026, with a CAGR of 7.4%.

Developments such as digital services, green warehouses and integrated logistics are acting as competitive advantages for Economic Cities & Free Zones around the world.

Economic Cities & Free Zones

The Economic Cities & Free Zones Cluster provides AD Ports Group with revenue generated by long-term contracts in nationally important industrial sectors that stimulate growth through cross-Cluster synergies and leverage the unique ecosystem to drive national economic growth.

Following a breakthrough year that saw the Economic Cities & Free Zones Cluster integrate KIZAD and ZonesCorp into one powerful and streamlined body, the Group is now responsible for the region's largest integrated trade, logistics and industrial hub. It is now the biggest operator of purpose-built economic zones and workers' residential cities in the region.

55%
of the UAE's total industrial area.

The Economic Cities & Free Zones Cluster made enormous progress in 2022 in diversifying its assets through acquisition and integration. Its successes have supported the expansion of dedicated ecosystems for strategic industries in the country, boosting access to international markets, integrating advanced technologies, and accelerating the transition to a circular economy. Aligned with the Group's objectives as an end-to-end integrated global trade hub, the Cluster completed a year that saw it radically transform its scope of services and ecosystems to help businesses thrive in today's competitive market.

Financial headlines

In 2022, the Economic Cities & Free Zones Cluster's revenue increased by 6% to reach AED 1,658 million, up from AED 1,568 million in 2021. The Cluster contributed 28% to Group revenue in 2022, and its EBITDA reached AED 1,087 million – implying a 66% EBITDA margin.

KEZAD Group

In September 2022, the Group announced the integration of Khalifa Industrial Zone Abu Dhabi (KIZAD) and Specialised Economic Zones (ZonesCorp) into the newly formed KEZAD Group (Khalifa Economic Zones Abu Dhabi Group) as part of its plan to consolidate and grow its Economic Cities & Free Zones offering. KEZAD Group comprises 12 economic zones with a total area of 550 km², including 100 km² designated as free zones.

KEZAD Group was established in alignment with the economic vision of Abu Dhabi and the recently launched Abu Dhabi Industrial Strategy. The latter sets out to more than double the manufacturing sector in the emirate to AED 172 billion, increase non-oil exports by 148% to AED 179 billion and create more than 13,000 jobs by 2031. Reflecting these strategies, the Group is evolving towards offering integrated economic nerve centres rather than stand-alone industrial zones, providing greater opportunities for companies looking to optimise every supply chain segment. The integration of KIZAD and ZonesCorp also brings a unified, end-to-end approach much closer to businesses in critical industries, including logistics, food and AgriTech, metals, automotive, plastic, polymers, and speciality chemicals, by providing industry-specific solutions and infrastructure to improve industry competitiveness.

Shortly following its formation, KEZAD Group announced in November 2022 that it had signed an agreement with TotalEnergies Renewables Distributed Generation Middle East & Africa, an affiliate of TotalEnergies. The deal aims to explore opportunities to solarise assets across KEZAD's industrial ecosystem.

12 economic zones in Abu Dhabi

550 KM² land bank, the largest economic zones Cluster in the region

More than **1,850** customers

+70K jobs created within the zones

Multimodel connectivity via air, road, sea and rail

+40 staff residential cities

+420,000 bed capacity

Business Review continued

Economic Cities & Free Zones continued

With 550 km^2 – including 100 km^2 designated as free zones – KEZAD Group's economic ecosystems are well positioned to generate far-reaching benefits from TotalEnergies' distributed solar solutions, enabling the Group to produce clean energy across its sites. The realisation of solar generation also enhances the value proposition that the Group can offer to its investors while supporting Abu Dhabi and the UAE's sustainability goals – and its objective to become a net exporter of clean energy.

The existence of KEZAD Group as a newly integrated body unleashes significant opportunities to scale up adjacent businesses, such as KEZAD Communities, which provides integrated solutions for staff residential communities and enables the Group to unlock the value of its significant land bank.

KEZAD Communities

With a view to ramping up its staff accommodation operations, the Group announced the merger of KEZAD Communities with the sustainability-focused real estate development and management company Al Eskan Al Jamae. The deal instantly created Abu Dhabi's largest integrated staff accommodation company, with the Group retaining a majority stake.

KEZAD Communities provides its customers with integrated staff accommodation solutions. KEZAD Communities manages over 40 residential cities with a capacity of more than 420,000 beds and a range of amenities, including medical centres, gardens, sports areas, dining halls, mosques, and services such as supermarkets and laundry facilities.

Build-to-suit solutions

As part of its strategic focus on building bespoke infrastructure and solutions tailored to a client's specific requirements, KEZAD Group signed an agreement to design, develop and lease the UAE's largest fulfilment centre for Noon in 2022. The 15-year agreement leverages the build-to-suit (BTS) development solutions to fast-track a 115,000 m^2 fulfilment centre on a 252,000 m^2 plot.

The facility, scheduled to be delivered in 2024, is being developed as a sustainable building conforming to Estidama 2 Pearl rating. It incorporates initiatives to enable water, energy and waste minimisation and local material use resulting in reduced transportation emissions and boosting the local economy.

With new automation technologies for storage, material movement, and sorting, the facility will enable rapid delivery of products to millions of Noon customers throughout the UAE. It will bolster the local economy by creating 15,000 new jobs.

The BTS approach and its industrial clustering strategy allow KEZAD Group to co-locate complementary industries and service providers into designated areas based on how they can best serve and support one another. Gathering collective industry expertise enables the Group to create value by leveraging anchor clients and facilitating synergies to foster value chains and catalyse skills and talents.

KEZAD Utilities

Value chains across the country will be further enriched by the development of KEZAD Utilities, providing organisations with cutting-edge infrastructure networks for power, clean water, and on-site gas. KEZAD Utilities and its ongoing gas network expansion are designed to ensure long-term reliable, efficient and cost attractive supply for all manufacturing, storage and distribution activities to support future economic development.

Major new contracts

Leveraging its expertise and integrated approach, KEZAD Group signed a major lease agreement with the large UAE dairy and juice company Al Rawabi in 2022. The agreement reflects the Group's commitment to driving the UAE's National Food Security Strategy through the supply of high-quality dairy and food products while also contributing to the growth of the nation's industrial sector. Under the terms of the contract, Al Rawabi will establish a 2 km^2 dairy production facility that will then scale up with a further 3 km^2. With an investment of AED 650 million, the dairy farm will be home to 10,000 Al Rawabi cows.

KEZAD Group also signed a lease agreement with Euro Auctions Middle East, a subsidiary of Euro Auctions Group, in 2022, to establish its largest auction house in the region for industrial plants, construction equipment, and agricultural machinery. Under the agreement, Euro Auctions Middle East will expand its UAE operations in KEZAD across a facility of more than 43,000 m^2, with site operations scheduled to commence in Q1 2023. The development of the Euro Auctions project will provide existing and future customers with facilities that can supplement their business requirements through a globally renowned facility, which will bring best-in-class practices to streamline storage and transportation while providing a transparent bidding process.

Future outlook

A key focus for the Economic Cities & Free Zones Cluster will be attracting local and foreign direct investment over the coming period. It will do so by leveraging new synergies and business development opportunities emerging from the creation of KEZAD Group, which is committed to creating competitive business ecosystems that encourage sustainable growth through an open, agile, and integrated environment.

The Cluster will also seek to capitalise on the vast potential emanating from the deal with TotalEnergies Renewables Distributed Generation. These form part of a broader strategy for diversifying revenue streams through adding new services – such as waste management – and through greater access to high-value markets such as chemicals, life sciences, e-commerce, metals and automotive. This comprehensive approach to integration and diversification will prove pivotal in the Group's ability to realise its contribution to delivering on the Abu Dhabi Industrial Strategy and its associated socioeconomic outcomes.

Clusters

Ports

Around the world, the pandemic created a significant disruption for ports, their productivity and their service provision. Perhaps now more than ever before, global trade routes depend upon port infrastructure and capabilities that are cost-effective, efficient and digitally integrated – and locked into a comprehensive logistics framework. In short, the post-pandemic ports business is more streamlined, integrated and capable.

To keep the emirate of Abu Dhabi ahead of the game, the Group's Ports Cluster has invested billions of dollars into new port infrastructure and has forged new partnerships with global players so that it can provide international trade with the most advanced solutions. Strategic agreements and acquisitions have also offered the Cluster greater reach and even more sector diversification.

Ports around the world are being reshaped by an accelerated digital transformation and decarbonisation. The Ports Cluster, through Maqta Gateway and its investments in cleaner solutions, is integrating advanced artificial intelligence and automation technologies, and a range of cleaner fuels such as hydrogen products and green ammonia.

Ports

Celebrating 50 years of Zayed Port and 10 years of Khalifa Port, the Ports Cluster delivered substantial organic and inorganic growth in 2022, solidifying Abu Dhabi's position as a global trade hub.

Strategically situated midway between Abu Dhabi and Dubai and offering its customers access to 25 major shipping lines with direct links to over 70 international destinations, Khalifa Port is an 18.5 m deep-water multipurpose port that includes two Container terminals, a Ro-Ro terminal and leading regional Bulk, General and Project Cargo handling capacity, all fully integrated with KEZAD Group, providing a gateway to international markets via multi-modal connectivity including future rail.

Metric tonnes

31.7 Mn

volume of General & Bulk Cargo processed.

TEUs

8.5 Mn

total Container capacity.

Cruise passengers

+237,000

received in Abu Dhabi.

Through significant diversification of its port services and enhanced partnerships with local and global market leaders, the Ports Cluster expanded its operations to overcome global supply chain challenges in 2022. By year-end, the Cluster had exceeded its targets and fully integrated its facilities and services to meet the diverse needs of customers from around the world.

Grappling with post-COVID supply chain issues and the growing impact on trade flows stemming from rising freight rates (which peaked around mid-year and then steadily reversed), the Ports Cluster overcame the sector headwinds by achieving new business wins and by diversifying its customer base. The Cluster captured a greater share of business in the region and worked to fortify its relationships with international entities in neighbouring countries and beyond.

In line with the AD Ports Group's strategic imperative as a fully integrated end-to-end provider of global trade solutions, the Ports Cluster accelerated its service diversification strategy in 2022 with best-in-class Container, Dry Bulk, Cruise, Ro-Ro services. Organic growth also saw a significant increase in steel and other high-value Dry Bulk Cargo segments.

Financial headlines

In 2022, the Port Cluster's revenue increased by 7% year-on-year to reach AED 1,135 million, up from AED 1,063 million in 2021. The Port Cluster contributed 20% to Group revenue in 2022, and its EBITDA grew 9% to AED 639 million – up from AED 587 million in 2021.

Container volumes

A series of joint ventures for the container business created a natural incentive for shipping lines to consolidate volumes in terminals in which they own equity stakes – helping to increase volumes at Khalifa Port. Consequently, the port handled a record of 4.33 million twenty-foot equivalent units (TEUs), placing Khalifa Port among the top 50 container ports in the world. This is compared to 3.39 million TEUs in 2021. Furthermore, according to the latest World Bank Container Port Performance Index – based on data from shipping lines – Khalifa Port ranked 5th globally in terms of efficiency in handling containers. The closest UAE competitor is ranked in the 30s.

Khalifa Port expansion

In a landmark moment, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE, inaugurated the Khalifa Port expansion in December 2022. The new South Quay at Khalifa Port represents a major turning point in the UAE's global trade and logistics capabilities, enhancing AD Ports Group's contribution to the diversification and growth of the UAE's national economy.

The expansion included the development of the South Quay, and expanding the port area from 2.43 to 8.63 km². The length of the quay wall increased from 2.3 to 12.5 km, and the project has delivered an additional 21 berths with the ability to provide customised services to individual strategic industry sectors. The development makes it one of the most prominent deep-water ports in the world, with an estimated value of AED 20.4 billion. Furthermore, it accelerates AD Ports Group's objective to increase the capacity of Khalifa Port to reach 15 million TEUs and 25 million tonnes of General Cargo by 2030.

Construction also commenced for the new container terminal, CMA CGM Terminals Khalifa Port, in 2022. The first phase saw the installation of a 90-tonne block for the quay wall, and the terminal is expected to be fully operational by the first half of 2025. The Group will support the development with a wide range of marine infrastructure, including a detached breakwater, a fully built-out rail platform and 1 million m^2 of terminal yard. Once complete, the new terminal will see increased connectivity to global markets for Khalifa Port, drive increased trade volumes and add new trade links with other high-profile ports, boosting the UAE's economy.

Port infrastructure

In May 2022, the Ports Cluster entered into a milestone agreement with the international logistics service provider Alexander Global Logistics. The strategic partnership agreement sets out plans for both parties to work closely to establish and launch a transshipment hub dedicated to handling wood pulp and paper products, which operates from Khalifa Port.

The agreement represents a landmark moment in Khalifa Port's ongoing development to support the UAE's industrialisation efforts and is also an important step forward in Abu Dhabi's transformation into a regional leader for pulp and paper products. In the first stage of the agreement, completed in Q3 2022, a total of 20,000 m^2 of quayside warehouses was established at Khalifa Port, acting as a springboard for forestry products to be distributed into the Gulf region and beyond. Progress was also made in the development of Abu Dhabi's first greenfield commercial bulk liquid storage terminal, which is being constructed as part of a strategic agreement with Saudi-based Arabian Chemical Terminals (ACT). Similarly, a new agreement was signed with Eni Abu Dhabi to develop a new logistics base at Mugharraq Port to support offshore drilling operations in the Al Dhafra region. The project will see the development of a dedicated quay wall and an assembly yard, supported by logistical equipment and additional manpower. Mugharraq Port was recognised as an international port facility by the UAE's Ministry of Energy and Infrastructure in 2022, in alignment with the guidelines of the International Code for the Security of Ships and Port Facilities (ISPS Code).

Aqaba – Jordan

Significant progress was made in the construction of the first-ever cruise terminal in the Jordanian city of Aqaba in 2022. The development – earmarked to open in January 2023 – is the first of five strategic projects planned by the Group, which is part of the country's journey towards building a modern tourism, logistics and transport sector. The Aqaba Cruise Terminal not only offers an unprecedented opportunity to tap into the fast-growing international cruise industry but also supports the Group's international growth strategy by leveraging Aqaba's pivotal location and vast potential as a regional hub on the Red Sea.

Celebrating 50 years

In December 2022, AD Ports Group collaborated with the Central Bank of the UAE (CBUAE) to celebrate His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE's inauguration of Khalifa Port's expansion. The collaboration, which saw the issuance of 1,000 commemorative silver coins, came in conjunction with the 50th anniversary of Zayed Port and the 10th anniversary of Khalifa Port.

Bearing the names Zayed Port and Khalifa Port alongside an engraved drawing of Khalifa Port, the commemorative coins were designed to reflect the significance of the ports in their ongoing contribution to positioning as a leading regional and global hub.

Future outlook

Over the coming period, the Ports Cluster will continue to accelerate the diversification of its offering and logistics capabilities to support AD Ports Group's role as an integrated, end-to-end provider of services and products across global trade routes. By year-end 2022, work was underway to create new corridors for the movement of green energies, such as green ammonia and hydrogen products, in addition to new logistics capabilities for Dry Bulk Cargo.

Further facilities will also be added on the North Quay in Khalifa Port, while operations in key geographies of Jordan, Egypt and Iraq are expected to gather pace. The Cluster will also invest in equity and concession agreements and work to integrate new acquisitions while finding greater synergies across the Group and optimising its current portfolio.

Maritime

The Maritime Cluster includes SAFEEN, OFCO and Abu Dhabi Maritime, the custodian and regulator of Abu Dhabi's waterways.

Boasting an experienced team who work around the clock across our ports and beyond, we offer high-quality, cost-effective services such as pilotage, bunkering, harbour tug and towing and Vessel Traffic Services (VTS). We also provide feedering services, vessel-to-vessel transshipment, offshore and onshore logistics and support, while maintaining safe waterways for Abu Dhabi.

As the impact of the pandemic unfolded in 2020, global maritime trade flows declined by 3.8%. While the slowdown was rapid, so too was the recovery. As borders relaxed and consumer confidence returned, trade flows recovered by 3.2% in 2021, adding 11 billion tonnes to global maritime trade.

The revival of maritime trade has, however, continued to face legacy challenges that included unprecedented port congestion, and global logistics log jams, resulting in higher freight rates and less reliable services.

The world's fragile recovery was also, to some extent, frustrated by the ramifications of the war in Ukraine and new waves of COVID-19 that disrupted supply chains, particularly in China. Early analysis suggests that maritime trade growth may have slowed to 1.4% in 2022 with shifts in trade patterns and partners. But this is still growth – not a retraction.

As we look ahead to the near future, there may well be continued challenges related to growing geopolitical risks. These could lead some parts of the world to pivot towards national production and increase a retreat from globalisation. The maritime sector must adjust to the demand for more resilience and sustainability, including the need to decarbonise and transition to alternative sources of energy.

Maritime

Almost tripling its revenues, the Maritime Cluster delivered a quantum leap performance in 2022, accelerating its role as a fully integrated facilitator of global trade and a steward of Abu Dhabi maritime assets.

2022 was a year that saw the Cluster rapidly become a more comprehensive provider of services and products, with a synergistic portfolio of assets with different market cycles to limit business performance volatility. The rapid acceleration of the maritime business' operations has contributed significantly to the Group's surge in revenues and profitability, accounting for 36% of the Group's total revenue. This has been driven by new acquisitions, joint ventures, market entries and the expansion of its service offering.

Highlights in 2022 included the numerous acquisitions, expansion of its Container and Bulk shipping fleet, the addition of new offshore assets and further expansion into the Subsea segment. Additionally, the provision of services in Saudi Arabia and Kuwait as well as a shipping network that reaches from Southeast Asia to the Red Sea signalled a rapid acceleration of the Group's global reach.

Revenue increased by **253%**

In 2022, the Maritime Cluster's revenue increased by 253% to reach AED 2,141 million, up from AED 607 million in 2021. The Cluster contributed 36% to Group revenue in 2022, and its EBITDA reached AED 648 million – implying a 30% EBITDA margin.

20 owned Container and Bulk vessels

Service and product development

The Group's internationally diversified maritime and offshore vessel business, SAFEEN Group, significantly expanded its services in 2022 organically and inorganically. Organically it acquired assets for deployment across the Gulf and the Indian subcontinent, with the Group gaining the capacity to service markets from China to East Africa and the Red Sea by the end of the year.

The Cluster also added to its transshipment services, Bulk, Crude and Liquid Shipping, which offer further growth potential for the Group. While the initial subsea opportunity lies largely in oil and gas, there is significant scope for the development of emerging and ancillary services. This enables the Group to offer truly integrated, end-to-end, diverse, and comprehensive services and products across global trade routes.

Abu Dhabi Maritime, part of the Maritime Cluster, assumed responsibility for all ferry services operating within Abu Dhabi's waterways in 2022. Working with the Department of Municipalities and Transport (DMT), Abu Dhabi Maritime has now integrated the Ferry Operations Branch of the Integrated Transport Centre (ITC) under the scope of its services.

The agreement will see the Cluster manage and oversee the daily operation of the emirate's two major ferry lines – the Dalma Island Water Transport Service, which connects Dalma Island and Jebel Dhanna Port, and the Al Aliah Island Water Transport Service, which connects Al Aliah Island and Al Saadiyat Island. The move will also help enhance the sector's contribution to Abu Dhabi's non-oil GDP by enhancing the user experience and further attracting the local and global community to explore all that our maritime domain has to offer.

Geographic expansion

Geographic expansion is a core component of the Group's strategic plan, and in 2022 the Maritime Cluster entered significant new geographies. Through the signing of a shareholder agreement with Kazmortransflot (KMTF), a unit of Kazakhstan's state energy company KazMunayGas, the Group has entered a highly promising market with major opportunities in the Caspian Sea.

The agreement will result in a joint venture, which will look at investments opportunistically and offer a broad range of services, including offshore support vessels, integrated offshore logistics and subsea solutions and, at a later stage, Container Feedering, Ro-Ro and crude oil transportation in the Caspian Sea and the Black Sea.

The agreement with KMTF also provides the Group with opportunities to support the many ongoing upgrades of fleets and facilities currently taking place in the Caspian region, in addition to major offshore projects, such as the multi-billion-dollar expansion of the Kashagan field. The Group and KMTF also signed a seven-year vessel pooling agreement, allowing for the provision of tankers for the transportation of crude oil internationally.

Acquisitions and joint ventures

The Maritime Cluster signed a series of transactions with organisations across the maritime value chain in 2022, providing immediate access to new markets and services.

In February 2022, the Group acquired Divetech Marine Engineering Services, a UAE-based topside-subsea solutions provider that offers a range of services, including installation, inspection, repair and maintenance for ports and other maritime organisations. The acquisition represents an important strategic opportunity for growth, enabling AD Ports Group to integrate a dynamic company with a significant pipeline of potential new business into its existing operations. This acquisition also enables the Maritime Cluster to provide a fully holistic service offering that includes undersea inspection, maintenance and repair.

The Group also signed a deal with the National Marine Dredging Company in June 2022 to set up a joint venture to carry out Offshore Surveys and offer subsea services in the UAE, GCC and selected international markets. The joint venture, which is called SAFEEN Surveys and Subsea Services, offers a portfolio comprising offshore geophysical and geotechnical surveys, trenching, and dredging support services. The newly formed joint venture will also provide ancillary services such as commercial diving licences, remotely operated vehicles and unmanned inspections vessels, along with customised solutions tailored for offshore operations related to the oil, gas and renewable energy sectors.

In September, the Group made its first international acquisitions when it acquired a 70% stake in Transmar International Shipping International "Transmar" and Transcargo International TCI. The acquisitions provide the Group with a platform that ensures further growth in container and cargo volumes as well as port operations in Egypt, North Africa, the Gulf region, and the entire Red Sea region.

The Group announced the largest acquisition in its history in November 2022 when it purchased an 80% equity stake in Dubai-based Global Feeder Shipping (GFS). Aligning GFS services with the Group's companies SAFEEN Feeders and Transmar will make it the region's largest independent feeder company by vessels owned, with a fleet of 35 vessels. The acquisition makes the Group the third largest globally by volumes carried, with a total container capacity of close to 100,000 TEUs. It also provides significant economies of scale through an expanded route network and strengthens the company's hub and spoke model by linking core markets in the Gulf, Indian Subcontinent, Red Sea, and Turkey to its key port assets, including Khalifa Port.

As for long-term contracts, a 15-year contract with Emirates Steel was also signed, in addition to new medium-term offshore services contracts.

Another milestone was the signing of a major joint venture agreement with Invictus Investment to launch a new international Dry Bulk shipping service. The joint venture helps the Group to further diversify its portfolio of international Dry Bulk services that it provides for its customers and strengthens food security in the region and around the world. The joint venture will also extend commercial bulk shipping services to other companies globally, with an initial focus on the Red Sea and Pacific corridors, the Indian Subcontinent and the Black Sea region.

In April and September 2022, the Maritime Cluster signed a series of high-value, long-term contracts with the Bangladeshi firm Saif Powertec, including a 15-year trade facilitation and shipping agreement to facilitate trade and cargo services from Fujairah to Bangladesh. As part of the collaboration, SAFEEN Feeders provides eight Supramax bulk carriers with 55,000 deadweight tonnage (DWT) capacity.

The breadth of deals signed in 2022 provides the Group with a much greater diversity of income streams and an even greater ability to weather economic cycles across different geographies and services.

Rates and resilience

While 2022 closed with exceptional financial outcomes, the analysis also points towards a downward pressure on container rates during the second half of the year. By contrast, the tanker and offshore markets increased over the period. This demonstrates the importance of a diverse product and service portfolio that provides resilience across different business cycles. Looking ahead, container rates are forecast to stabilise in the near term.

Providing greater stability for the long term, the Group's diverse and integrated model allows it to cope with ongoing geopolitical and global economic uncertainties and to mitigate the ebb and flow of individual business segments. Furthermore, the expansion of supply chain density to other markets - in addition to its ability to deliver energy assets to its customers within the region - provides the Group with even greater resilience during periods of uncertainty.

Sustainability

In tandem with the development of a comprehensive environment, social and governance (ESG) strategy, the Maritime Cluster implemented a series of reforms in 2022. These included the initiation of two cleaner fuel pilot projects that include electrically powered vessels and dual-fuel technologies that leverage hydrogen and biofuels for hybrid vessels.

These developments – and the wider Group ESG strategy – align with the 2023 Year of Sustainability launched by the President of the UAE. The Year of Sustainability, which coincides with COP28, showcases the UAE's commitment towards fostering a global collaboration in seeking innovative solutions to challenges, such as energy, climate change and other pressing issues related to sustainability.

Human capital and operations

In addition to its alignment with and adherence to Group HR policies and procedures, the Maritime Cluster delivered upon its people policy by developing its in-house capabilities and through the appointment of multiple talents from across the country and international markets.

Future outlook

The Cluster began 2022 with a clear canvas of opportunity for specific areas of maritime product and service development. With these having happened, the Cluster is now in a strong position to leverage its 2022 transformation for ambitious international growth and is exceptionally well placed for the rapid acceleration of its operations around the world.

As we look to 2023, the business will continue to seek organic and inorganic growth in multiple geographies, achieving greater scale through the expansion of vessels, services and products - in areas as diverse as Liquid, Offshore, Subsea, Container Feedering and Bulk.

Clusters

Logistics

Within the context of pandemic-induced supply chain issues and a digital revolution, every industry sector and its means of connectivity have been reshaped over the past three years. Underpinned by investment in physical infrastructure and enabled by digital solutions, trade logistics is set to become smarter, faster, more efficient and more nuanced in its industry-specific capabilities.

Abu Dhabi benefits from its unique geographic location, global connectivity by air, land or sea – and technologically advanced modern infrastructure.

Abu Dhabi is already a major focus for global logistics providers, who recognise the enormous growth opportunities for the emirate. Furthermore, advanced digital innovations from within the Group's Digital Cluster support the Logistics Cluster's ability to integrate its single-window approach across borders and entire value chains.

As such, and within the context of a rapidly changing global economy, the Group's Logistics Cluster is well placed to reimagine the national, regional and international logistics landscape.

Logistics

Serving as the primary logistics arm of AD Ports Group, the Logistics Cluster's mission is to be a top-10 global supply chain provider of choice delivering holistic, fully integrated, and technologically innovative end-to-end logistics solutions that drive competitive value for its customers.

It operates approximately 360,000 m^2 of multi-temperature storage space, backed by an advanced fleet of over 400 vehicles, and is capable of serving a marketplace of over 4.5 billion consumers across the Middle East, Asia, Africa and Europe thanks to Abu Dhabi's strategic position and the combined capabilities of AD Ports Group and its partners. It serves multiple industry sectors including project logistics, industrials, oil and gas, polymers, healthcare, food and beverage, FMCG, port services, automotive, aviation, and exhibitions.

2022 was a breakthrough year that saw AD Ports Group listed on the Abu Dhabi Securities Exchange, accelerating its capabilities as a comprehensive end-to-end provider of services and products across global trade routes. Within this transformational context, the Group's Logistics Cluster, which within its portfolio operates AD Ports Logistics (ADPL) and MICCO Logistics (MICCO), moved to diversify its services and infrastructure to achieve greater diversity, reach and resilience.

Its milestone achievement of 2022 was the acquisition of Noatum, a major global logistics player, thereby signalling the Cluster's intent on establishing a leading presence in all major global markets via an expansion strategy focused on organic growth, acquisitions, joint ventures, and partnerships.

The Logistics Cluster's financial performance in 2022 was impacted by a number of factors, including reduction in the vaccine business with the easing of the COVID-19 pandemic, the revision of a contract with a key client, and temporary lower volumes due to the non-availability of empty containers for exports.

Despite these challenges, the Logistics Cluster delivered a robust performance in line with previous years. By year-end, its revenues were 12% down on reported figures and 6% down on a like-for-like basis compared to 2021, but EBITDA improved considerably on a AED 73 million one-off gain to reach AED 188 million.

New lines of business

Supporting its diversification drive, the Logistics Cluster launched a new distribution business line that will see it secure exclusive distribution rights for a range of healthcare products. The new business line targets the GCC's fast-growing healthcare and life sciences sector, whose market size is projected to increase at a CAGR of around 5% to AED 366 billion in 2023 from AED 317 billion in 2020.

As a distributor licensed by the UAE Ministry of Health and the Abu Dhabi Department of Health, the Logistics Cluster will procure high-in-demand healthcare products, including pharmaceuticals, cosmetics, medical devices, baby products and nutraceuticals from leading manufacturers seeking to access the UAE and GCC markets, and manage end-to-end product storage and deliveries to hospitals, clinics, pharmacies, wholesalers, and retailers.

In 2022, MICCO signed a milestone agreement with the Abu Dhabi National Exhibitions Company (ADNEC) in collaboration with the international logistics service provider DB Schenker. The agreement saw MICCO becoming the preferred logistics provider of ADNEC and signalled MICCO's expansion into the event logistics sector. The partnership was evidenced with MICCO assuming the responsibility for managing logistics for the International Defence Exhibition & Conference (IDEX) 2023, the largest defence industry exhibition in the Middle East region.

Acquisitions

In a landmark international deal, AD Ports Group acquired Noatum, a major integrated global logistics provider headquartered in Spain, in late 2022. With a presence in 26 countries across North America, Latin America, Asia (including India and China), Africa and Europe, Noatum operates an asset-light model with a high cash conversion rate that allows the business to make an immediate contribution to the Logistics Cluster's financials.

The acquisition, which is currently pending approvals from relevant regulators, provides the Group with exposure to maritime activities in the Mediterranean region and port facilities in Spain. The deal significantly broadens the Group's footprint and positions it among the world's leading logistics and freight forwarding companies. It also makes the Group one of the most significant global players in finished vehicle logistics.

Operational advancements

In line with the Group's diversification strategy, the Logistics Cluster, along with the Economic Cities & Free Zones Cluster, paved the way for the opening of the new advanced food warehousing centre, KEZAD Logistics Park 21 (KLP21), in 2022. Comprising four warehouses with over 80,000 m^2 of space and 100,000 pallets capacity, KLP21 is one of the largest and most advanced temperature-controlled logistics centres in the region designed to support the upcoming 3.3 km^2 Abu Dhabi Food Hub. The Cluster operates one of the centre's four 20,000 m^2 warehouses, which incorporates six multi-temperature chambers capable of accommodating 45,000 pallets at storage temperatures of between -26°C and 25°C.

As part of its polymers business, the Logistics Cluster has over 280,000 m^2 of warehousing space located both inside and adjacent to Khalifa Port and manages 3.5 million tonnes of annual throughput serving both local, regional and international markets. The port is the only maritime facility within the UAE to offer a modern semi-automated polymers packing plant capable of filling 2,000 bags per hour, and handling over 700,000 tonnes of polymers per year.

Operational advancements led to MICCO acquiring 43 state-of-the-art trucks as part of its ongoing commitment to upgrade its fleet of 400+ chilled, frozen, ambient and flat trailer vehicles. The ongoing upgrades will support business growth, boost service quality and reduce operational costs, while at the same time driving fuel efficiency and reducing carbon emissions.

Advanced technologies

The introduction and application of advanced technologies are at the forefront of the Logistics Cluster's operations, with a strategic commitment to study, employ and pilot the latest technological solutions. The overarching objective is to enhance the Group's value-chain services to its customers, reduce costs, and lower the Logistics Cluster's environmental footprint.

Specifically, the Logistics Cluster utilises the premium warehouse management system designed to optimise system-driven warehouse operations, an advanced fleet dispatching system allowing for real-time delivery management and temperature monitoring, and a simplified electronic cargo sealing solution called E-Seal, which eliminates the potential for tampering of goods transported within containers.

Furthermore, the Cluster uses mUnity, a digital blockchain-enabled system that tracks the journey of temperature-sensitive medical products from the point of production to the last mile, while the use of drones was piloted to reconcile inventory using Radio Frequency Identification (RFID).

International development
Over the course of 2022, the Logistics Cluster signed two agreements with SEG Enera, one of the largest multisectoral holding companies in Uzbekistan, with the goal of expanding its service footprint into the Central Asian region. The agreements set out plans for the development of logistics, freight and food trading infrastructure in the country through the creation of a new logistics and freight business. The Central Asian countries are a major focus for strategic development for the Cluster and the entire Group.

ESG
In line with the Group's environmental, social and governance commitments, the Logistics Cluster has taken several significant steps that will greatly reduce its carbon emissions and improve the efficiency of its advanced transport fleet. This work includes the retirement of older vehicles and replacing them with newer, more efficient models with lower fuel consumption and lower maintenance costs. As part of its fleet modernisation strategy, the Cluster is also exploring the potential of converting some of its existing cargo vehicles from diesel to electric power and bringing in EV units as well, as the technology matures and regulatory environment develops.

In addition, the Cluster has tested the use of advanced fuel additives on a trial basis, which has shown to improve fuel efficiency by up to 30% and has introduced telematics for fleet management, which drives the fleet's effectiveness by monitoring fuel consumption and drivers' habits, while optimising delivery routes.

Across its warehousing infrastructure, the Cluster has introduced advanced solutions, including insulation materials that deflect sunlight and reduce energy usage, water recycling for irrigation, and centralised refrigeration systems and solar power to maximise energy efficiency and reduce emissions.

Future outlook
The Cluster has made significant progress in its shift from being a local domestic player to an international facilitator of global trade. Its diversification efforts will deliver greater global coverage, resilience, growth, and sustainability as an integrated logistics provider and a key driver of AD Ports Group's broader value proposition. The approach will enable the Group to serve every customer through a single-window approach, with one-stop-shop access to vessels, marine equipment, digital solutions, trucks, warehouses, industrial zones and world markets.

Digital

The digital transformation – characterised by advances in automation, artificial intelligence and machine learning – has created enormous opportunities for how supply chains work.

Analytics, particularly, are playing an increasingly important role in increasing efficiencies, productivity, costs and ease of doing business. Digital innovations represent an exciting catalyst for the mobilisation of container flows and for the import and export of goods.

From bookings to regulatory alignment, maintenance, congestion and tracking, digital solutions are an enabler of business success and economic development in the UAE. On a macro level, they help countries to build supply chain resilience into the broader logistics industry and safeguard issues such as food security and cybersecurity through data exchange and centralisation.

Maqta Gateway is at the forefront of this evolution. It is aligned with the Group's strategy for the integration of its Clusters' services and for the digital transformation of Abu Dhabi's maritime, trade and government services.

Through its proprietary licensing management, vessel management, single-window approach and advanced payment gateway capabilities, the Group's Digital Cluster is primed to accelerate and lead the global digital port transformation.

Digital

With double-digit revenue growth in 2022, the Digital Cluster surpassed 100 million transactions as it broke new ground in opening new trade corridors and accelerated access to the most technologically advanced solutions for integrated global trade.

Through Maqta Gateway – a wholly owned subsidiary of AD Ports Group – the Digital Cluster has developed a series of advanced trade and logistics platforms since its inception in 2016. Designed to catalyse and streamline global trade through integrated digital solutions, the Cluster's work has cemented the Group's fast-growing global reputation as an international end-to-end maritime and logistics provider. Its pioneering work in 2022 included piloting a drone delivery service in collaboration with the Emirates Post Group and the aerial logistics provider, SkyGo.

The project aims to provide a sustainable, user-friendly service that can rapidly carry vital medical supplies, fresh foods, and urgent documents while providing real-time tracking. To support the project, Maqta Gateway deploys its integrated digital marketplace, Margo Hub, which facilitates online customer transactions. In turn, Emirates Post Group manages the service and provides tracking and status updates, while SkyGo provides drone solutions. Drone delivery services have the potential to enable greater convenience and faster delivery times for customers across Abu Dhabi while ensuring a positive environmental impact.

Financial headlines

In 2022, the Digital Cluster's revenue increased by 11% to AED 400 million, up from AED 360 million in 2021. The Digital Cluster contributed 7% to Group revenue in 2022, and its EBITDA grew to AED 218 million – up from AED 172 million in 2021. The number of digital transactions performed within the Cluster – a vital measure of the Group's performance output - rose 123% to 42.2 million in 2022.

Advanced Trade and Logistics Platform (ATLP)

In 2022 the Advanced Trade and Logistics Platform (ATLP) passed its 100 millionth digital transaction. This milestone has been made possible by the rapid acceleration of the Group's activities at home and abroad and its success in widening its fleets and launching new infrastructure.

ATLP also launched a new inspection and clearance module. Integrating directly with Abu Dhabi Customs' online services and regulatory authorities, as well as supporting free zone, bonded warehouse, and e-commerce operations, the new inspection and clearance module will not only enable traders to oversee their end-to-end cargo clearance via ATLP but will also enhance related processes in line with the initiatives facilitating trade in the emirate and the UAE in accordance with global requirements and standards.

The platform also now hosts a newly developed Food Import and Export Management Information System (FIEMIS), which was launched by the Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) in October 2022. FIEMIS provides a single window for importers and exporters to conduct their business, facilitate relevant procedures, release food shipments before arriving at the port, and track import and export orders. The system is also designed to support food trade and import operations across Abu Dhabi's ports while ensuring food safety.

International development

The Digital Cluster established a new virtual trade corridor with Kuwait in 2022 as part of growing trade relations between the two countries and following a diplomatic visit to the UAE. The Memorandum of Understanding (MoU) sets out plans for Maqta Gateway to establish new policies, procedures and systems integrations to support a virtual trade corridor that will further simplify and facilitate cross-border trade.

The deal also means that customs authorities in both countries can access pre-arrival information for international cargo movements, making cross-validation of information significantly faster and promoting pre-clearance of goods. By digitising clearance and shipment deliveries through a new virtual trade corridor, the Digital Cluster can deliver tangible benefits to importers and exporters in Kuwait and the UAE while simultaneously enhancing security and realising new levels of efficiency.

The evolution of the Kuwait trade corridor also provides the Group with a blueprint for similar expansion into other emerging market across Africa, Central Asia, the CIS region (Commonwealth of Independent States) and the broader Middle East. The Digital Cluster is also well positioned to accelerate work in these regions by initiating government-to-government (G2G) relationships.

The Digital Cluster also paved the way for the launch of the Aqaba Cruise Terminal in Jordan – the first outside the UAE. The move bolsters the coastal city's position as a regional tourism centre and gateway for travellers visiting the Red Sea. The terminal also marks the launch of the first of five strategic projects planned between the Group and Aqaba Development Corporation to advance the city's logistics and transport sectors. As part of the agreement, the Group will develop, manage and operate the Aqaba Cruise Terminal, which will be used as a world-class facility for international cruise passengers looking to visit Jordan, specifically Aqaba, Petra and Wadi Rum.

The Group's work in Jordan serves to enhance relations between the UAE and Jordan, providing both countries with the opportunity to develop mutually beneficial trade ties. The Aqaba Cruise Terminal provides the Group with an unprecedented opportunity to benefit from the fast-growing cruise sector, share its experience in operating advanced cruise ship terminals and accelerate the Group's expansion plans. The strategic location of the Aqaba region and its promising potential as a regional centre within the Red Sea region also complements the Group's presence across regional and global trade routes.

Future outlook

ATLP is the official single window for trade through sea, land (rail and roads), air, industrial and free zones in Abu Dhabi. Enabling transparency, predictability, simplified procedures and efficiency for cross-border business operations, the platform provides integration to more than 40 public and private entities across Abu Dhabi and the UAE. In 2023 the Digital Cluster will deliver organic and inorganic growth through a continued focus on developing new partnerships, digital innovations and international expansion. The Digital Cluster will continue to play a central role in supporting the Group's activities, growth and profitability by innovating next-generation digital technologies and intra-group synergies.

Financial Performance

Triple play growth strategy supports strong results momentum

41% revenue growth and steady operating margins resulted in EBITDA of AED 2,175 million in 2022, up 36% compared to the previous year. The Maritime Cluster was a key factor in achieving these results, with 253% revenue growth and 436% EBITDA growth, mostly organic. With an overall EBITDA margin of 40% in 2022 AD Ports Group clearly outperformed industry benchmarks, despite the growing contribution of the lower margin Maritime Cluster, which now represents 36% of total revenue and 23% of total EBITDA.

Net Profit for the year reached AED 1,284 million, up 51% compared to the previous year as a result of the strong EBITDA performance.

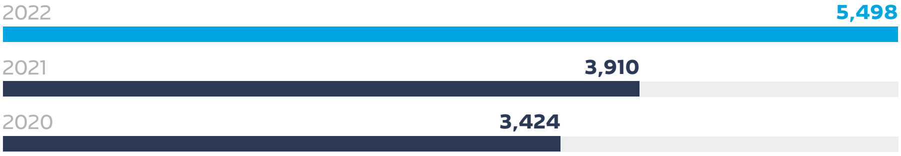
Cash conversion improved in 2022, with cash from operating activities at 75% of EBITDA, up from 49% in 2021.

Reflecting the accelerated growth strategy, capital expenditure continued to increase to AED 5,521 million, with 43% of it invested in the Maritime Cluster to expand vessel fleet across all business segments (container, bulk, and offshore), 33% of it going into the Ports Cluster for Khalifa Port expansion and the Etihad Rail connection, and 19% of it funding the Economic Cities & Free Zones for unlocking land, built-to-suit assets, and warehousing capabilities. AD Ports Group continue to boast a well-balanced capital structure and solid financial position as evidenced by our Net Debt to EBITDA ratio of 2.0x at the end of the year.

Revenue (AED Mn)

5,498 Mn

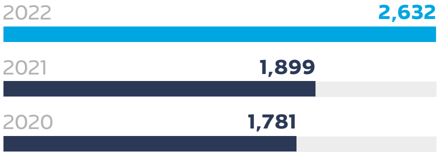
+41%



Gross Profit (AED Mn)

2,632 Mn

+39%



Financial Review continued

Targeting growth and improving returns

AD Ports Group started providing the market with medium term guidance in Q3 2022 that was subsequently upgraded in Q4 2022 to factor in the announced acquisitions of GFS, Noatum, and Al Eskan Al Jamae. Revenue, EBITDA, and capital expenditure guidance is based on existing operations, and therefore does not include any further M&A activity:

- **Revenue growth: 5-year CAGR of 25-30% between 2022 and 2027**, driven by Ports, Economic Cities & Free Zones, and Maritime Clusters
- **EBITDA growth: 5-year CAGR of 20-25% between 2022 and 2027**, with EBITDA margin trending down from 40-45% historically to 35-40% in the short term. Revenue mix will determine where EBITDA margin stabilize, with the Ports, Economic Cities & Free Zones, and Digital Clusters supporting overall margins and the Maritime and Logistics Clusters weighing on them.
- **During the period 2023-2027 capital expenditure programme of AED 15 billion** will be primarily spent on the Maritime, Economic Cities & Free Zones, and Ports Clusters by order of quantum.

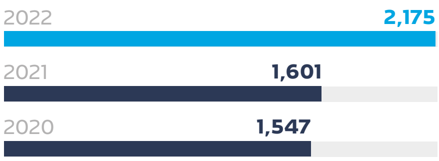
Given the long-term and sticky nature of AD Ports Group's revenues there is a high level of confidence in achieving this relatively bold guidance.

As we move up the maturity curve across our five Clusters, we expect this high-growth guidance to come with improved returns.

EBITDA (AED Mn)

2,175 Mn

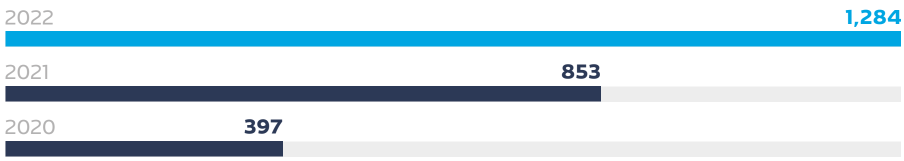
+36%



Total Net Profit (AED Mn)

1,284 Mn

+51%



EPS (AED)

0.25

2022	0.25
2021	0.22
2020	0.1

Total assets (AED Mn)

38,512 Mn

2022	38,512
2021	28,149
2020	24,853

Cash from operating activities (AED Mn)

1,626 Mn

+107%

2022	1,626
2021	787
2020	421

Capital expenditure (AED Mn)

5,521 Mn

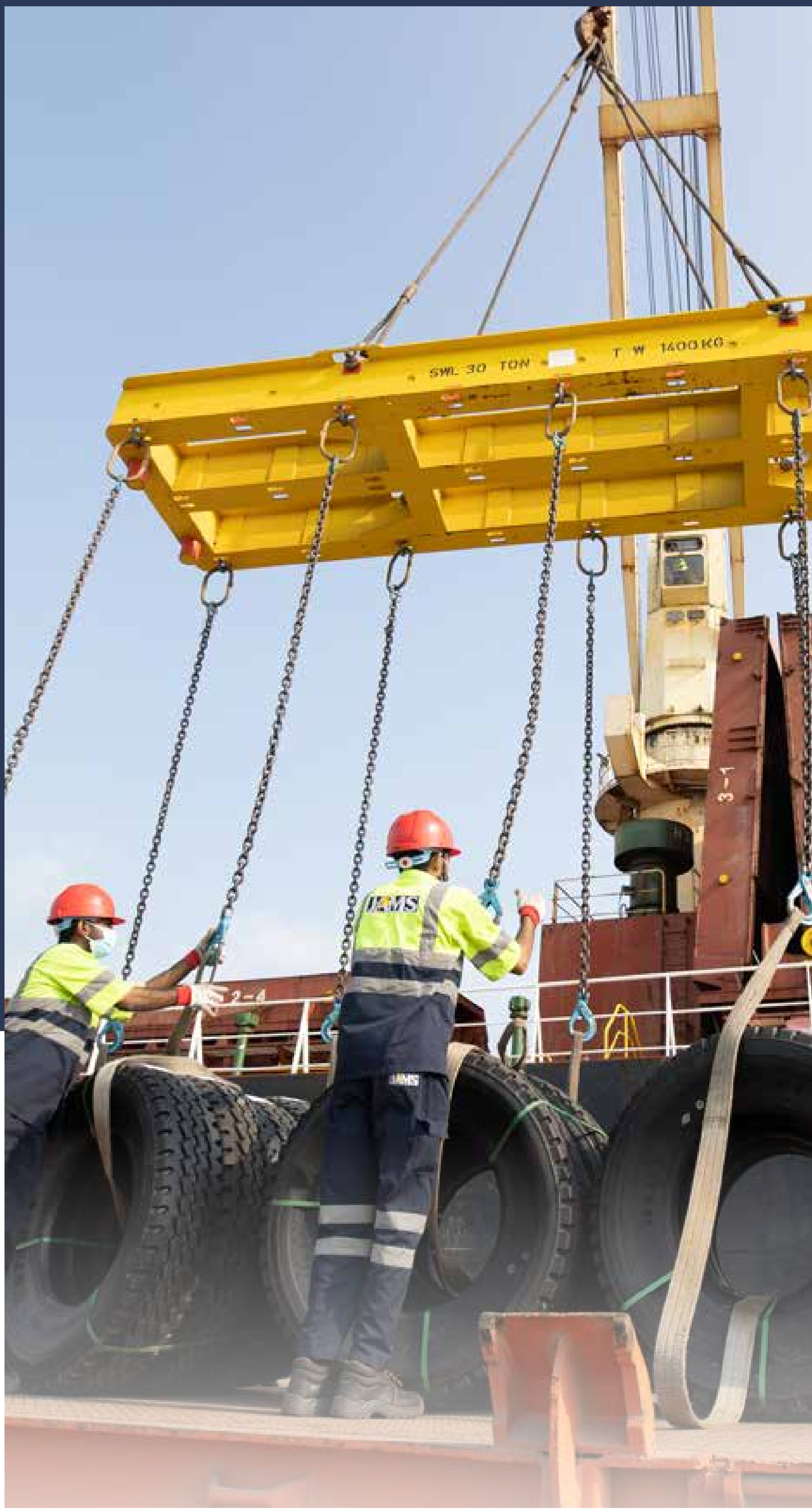
2022	5,521
2021	3,125
2020	2,880

Net Debt/EBITDA (x)

2.0x

2022	2.0
2021	2.3
2020	2.4

"Despite the global geopolitical and economic headwinds, AD Ports Group continued to build on its foundation in Abu Dhabi by investing in assets and creating trade routes density. Strong delivery in 2022 has created significant shareholder value and provided widespread opportunities for sustained local, regional and international growth."



In line with its long-term strategy for sustained corporate and financial growth, AD Ports Group delivered transformative new infrastructure and significantly enhanced its geographic reach in 2022. Following numerous acquisitions, the Group entered over 26 new markets and accelerated its activities in high-growth service areas. These factors contributed to historic financial performance, operational milestones and the beginning of a new chapter in the Group's history, defined by diversification, international expansion and a landmark listing on the Abu Dhabi Securities Exchange (ADX).

Consolidated performance

The Group's revenue increased 41% year-on-year to AED 5,498 million, mainly driven by the Maritime Cluster and effect from new acquisitions. On a like-for-like basis, excluding M&A activity during the year, revenue growth reached 23%.

EBITDA for the year grew 36% year-on-year to AED 2,175 million, implying an EBITDA margin of 39.6%. Key contributions to EBITDA growth came from the Maritime, Ports and Digital Clusters. Some of the new businesses, including those acquired during the year, generated lower EBITDA margins compared with existing businesses, which led to a slight drop in the overall EBITDA margin. On a like-for-like basis, excluding M&A activity during the year, EBITDA growth was 27%.

Total Net Profit growth accelerated to 51% year-on-year reaching AED 1,284 million, implying a Net Profit margin of 22.7%.

Cluster performance

Within the **Economic Cities & Free Zones Cluster**, 4.2 km^2 of new leases (net) were signed in 2022. The Economic Cities & Free Zones Cluster's revenue increased by 6% to reach AED 1,658 million, up from AED 1,568 million in 2021. Having undergone a significant restructuring that merged KIZAD and ZonesCorp into one unified body – KEZAD Group – the Cluster further diversified and signed long-term contracts, including a 15-year deal with Noon for a build-to-suit (BTS) fulfilment centre. The agreement leverages the power of the BTS development solution to fast-track a 115,000 m^2 fulfilment centre on a 252,000 m^2 plot.

Economic Cities & Free Zones Cluster recorded revenue increase of 6% year-on-year to reach AED 1,658 million in 2022, benefitting from previously signed land leases, higher utilities revenues, strong momentum in warehouses revenues, as well as positive revenue effect of previous contingent asset related to leases out of Razeen worker residential cities for COVID-19 isolation and quarantine purposes. The Economic Cities & Free Zones Cluster contributed 28% and 39% to the consolidated revenue and EBITDA, respectively, in 2022.

Within the **Ports Cluster**, container throughput grew to 4.33 million TEUs (twenty-foot equivalent units) in 2022, a 28% year-on-year increase. This performance resulted in greater utilisation of the two existing container terminals, which continued to improve to 51% utilisation in 2022 compared to 40% in 2021.

On a like-for-like basis, General Cargo volumes increased by 3% to reach 31.7 million tonnes in 2022, compared with 44.6 million tonnes in 2021, which included a one-off sand supply project of 14.7 million tonnes. Ro-Ro and Cruise passenger volumes also rebounded strongly on the back of the decreased effect of the COVID-19 pandemic.

Overall revenue for the Ports Cluster grew by 7% year-on-year to AED 1,135 million in 2022, backed by a healthy product mix as well as revenue from the acquisition of TCI, one of the two entities under IACC, Egypt. Double-digit growth in concession fees and leases as well as strong rebound in the Ro-Ro and Cruise businesses on the back of the abated effect of the COVID-19 pandemic more than offset the decline in General Cargo revenue, which significantly benefited from the sand supply contract in 2021. On a like-for-like basis, Ports Cluster revenue grew by 21% year-on-year, when adjusted for both the sand supply project and the TCI acquisition. The Ports Cluster contributed 20% and 23% to the consolidated revenue and EBITDA, respectively, in 2022.

All operational indicators – vessel fleet, port calls, container feedering volumes, transshipment volumes, and marine services activities – recorded strong growth in the **Maritime Cluster**.

A highlight of the year for the Maritime Cluster was the acquisition of an 80 percent equity stake in Dubai-based Global Feeder Shipping (GFS), a global container shipping company, for an enterprise value of AED 2.9 billion. GFS is the third largest feeder shipping business globally, operating a comprehensive service network of 20 services across the GCC, Red Sea, Indian Subcontinent and Southeast Asia regions. The acquisition of the GFS stake places the Group as the largest pure feeder operator in the region and the third largest globally by container capacity, which will be close to 100,000 TEUs. Moreover, the deal coincided with the Group's entry into the strategically important central and eastern Europe geography, following the signing of two agreements to develop logistics, freight and food trading infrastructure in Uzbekistan. The transaction is expected to close in Q2-2023.

Financial Review continued

The Maritime Cluster revenue grew 253% year-on-year to AED 2,141 million in 2022, mainly driven by a wider service offering and increased activity in new business segments, including feedering, chartering, transshipment, and offshore services. The Maritime Cluster added four new companies to the portfolio in 2022: Divetech Marine Engineering Services, Alligator Shipping Container Line, Transmar, one of the two entities part of IACC-Egypt, and SAFEEN Surveys and Subsea Services. These new businesses contributed to revenue and EBITDA with AED 689 million and AED 150 million in 2022, respectively, and are expected to continue to support the Cluster's growth going forward. The Maritime Cluster contributed 36% and 23% to the consolidated revenue and EBITDA, respectively, in 2022.

In a landmark deal, the **Logistics Cluster** acquired 100% ownership of Noatum, a logistics services provider with a presence in 26 countries across five continents, for an enterprise value of AED 2.2 billion. The value and earnings accretive acquisition significantly broadens the Group's global footprint and positions it among the world's leading logistics and freight forwarding companies. The transaction is expected to close in Q2-2023.

The Logistics Cluster registered a 12% year-on-year revenue decline to AED 532 million in 2022, mainly due to the reduction in the vaccine business with the easing of the COVID-19 pandemic, the revision of a contract with a key client from a short-term asset heavy to a longer-term asset light model, as well as temporary lower volumes due to the non-availability of empty containers for exports. The Logistics Cluster contributed 9% and 7% to the consolidated revenue and EBITDA, respectively, in 2022.

The revenue of the **Digital Cluster** grew by 11% year-on-year to AED 400 million in 2022, driven by the development progress of various technology-led solutions. Digital transactions performed within the Cluster – a key measure of the Group's performance output - rose 123% to 42 million in 2022. The Digital Cluster contributed 7% and 8% to the consolidated revenue and EBITDA, respectively, in 2022.

Cash flows from operating activities

Cash flow from operating activities increased from AED 787 million in 2021 to AED 1,626 million in 2022, up by 107% despite the slower recovery post COVID-19. This significant increase in operating cash flows was mainly due to improvement in working capital apart from business growth.

Capital expenditure

Consolidated capital expenditure during 2022 was AED 5,521 million with investments primarily in the Maritime, Ports and Economic Cities & Free Zones Clusters. Major capital expenditures pertained to expansion of vessel fleet (container, bulk and offshore), Khalifa Port expansion, Etihad Rail terminal, built-to-suit assets, warehouses, and specialised industrial Clusters (Metal Park, Wholesale Food Hub and Auto Hub). With planned organic capital expenditure of around AED 15 billion expected during 2023-2027 across Clusters to expand Khalifa Port, maritime fleet, economic cities and several other projects, AD Ports Group anticipates continued growth as it enhances its unique business ecosystem by leveraging synergies between the Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital Clusters.

Capital structure

Total equity almost doubled from AED 10,691 million at the end of 2021 to AED 19,635 million at the end of 2022. The increase mainly came from share premium realised from listing of the Group's shares in ADX and pre-listing owner's contribution of equity investments in Aramex and NMDC apart from the Net Profit for the year. These changes to the capital structure have strengthened the Group's balance sheet to support future growth. The Group's capital structure as on 31 December 2022 comprised 20% debt, including unsecured bonds under a Euro Medium Term Note Programme, and an unsecured senior revolving credit facility from a syndicate of local and international banks.

With a Net Debt to EBITDA ratio of 2.0x at the end of 2022 compared to 2.3x in 2021, the Group maintains a solid financial position and robust balance sheet, with significant capital resources available for both organic and inorganic growth going forward.

The Group has a well-managed debt maturity profile with adequate liquidity lines. The Group's credit rating remains investment grade at A+ with Stable Outlook by Fitch and A+ with Stable Outlook by S&P Global.

Future outlook

We continue to live in a turbulent period, with high inflation and interest rates as well as ongoing geopolitical tensions. This uncertain backdrop with an increasing supply of new container vessels planned for delivery through 2023 and 2024 will likely slow container trade growth in 2023. This has softened container shipping market rates in the main East-West trades but secondary inter-regional trades remain somewhat firmer. However, AD Ports Group has a unique business model, with defensive attributes on account of highly synergistic assets and long-term contracted revenues, while investing heavily in both organic and inorganic growth. We have planned organic capital investments of more than AED 15 billion over the period 2023 to 2027. Moreover, our strategic alignment with the emirate of Abu Dhabi offers significant business opportunities in a region which is currently experiencing a buoyant economy, notably on the back of the high oil prices and strong GDP forecast and various government initiatives to diversify the economy. We anticipate continuing our growth trajectory in 2023 and beyond in our core businesses and for the newly acquired companies. In the medium term, we expect to deliver revenue CAGR of 25-30% and EBITDA CAGR of 20-25% between 2022 and 2027.

Environmental, Social & Governance

Board of Directors

H.E. Falah Mohammed Al Ahbabi
Chairman

Khalifa Sultan Al Suwaidi
Vice-Chairman

Mohamed Ibrahim Al Hammadi
Board member

Najeeba Al Jabri
Board member

Jasim Husain Thabet
Board Member

Mansour Mohamed Abdulqader Al Mulla
Board Member

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO

Executive Management

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO

Maitha Al Murar
Group Chief HR Officer

Captain Ammar Al Shaiba
Maritime Cluster Acting CEO

Saif Al Mazrouei
Ports Cluster CEO

Dr Noura Al Dhaheri
Digital Cluster CEO

Abdullah Al Hameli
Economic Cities
& Free Zones Cluster CEO

Mr. Farook Al Zeer
Logistics Cluster Chairman

Ross Thompson
Group Chief Strategy
& Growth Officer

Emil Pellicer
Group General Counsel

Martin Aarup
Group Chief Financial Officer

Environmental, Social & Governance

In 2022 AD Ports Group set the development of a new environment, social & governance (ESG) Group policy in motion. At its heart, the policy and related framework are designed to drive the ESG transformation journey of the Group, enabling managing ESG risk and counterparties' obligations across its value chain and enhancing its ESG performance monitoring and reporting processes.

Effective policy implementation will ensure that the Group addresses the needs and expectations of its key stakeholders, communicates its ESG performance and addresses compliance obligations in line with applicable regulatory and voluntary ESG commitments. Senior management aims to embed ESG principles across the Group's operations to ensure this happens.

Our context

Through its new ESG framework, the Group seeks to accelerate its ESG transformation journey and gain exposure to global investors by ensuring that its ESG context reflects regional and international best practices. The framework also aligns with global reporting and ESG rating frameworks and the requirements of regulators, investors and the UAE's national agendas.

Group and related subsidiaries ESG maturity capabilities and assessments are mapped against the nine dimensions of a standardised ESG Maturity Model to ensure the Group's activities are globally aligned. The Group Clusters peers for benchmarks and improvement opportunities were also identified accordingly.

ESG corporate capabilities

The Group has established Board roles that oversee its ESG risks, related opportunities and sustainability initiatives. Furthermore, the Group's Corporate Authority – Sustainability, is mandated to drive its sustainable development agenda. Under this framework, the mandate gains additional support and oversight of ESG risks by the Group's Chief Risk and Compliance team. Both appointments report directly on the administration of ESG risks and execution of the Group's ESG initiatives to the Group Executive Management. Also, they will monitor the compliance and integration of the Group's Responsible Investment Policy.

The **Responsible Investment Committee** will oversee the integration of ESG criteria into the investment and acquisition decisions of the Group. Furthermore, the committee will report directly to the Executive Committee on the different initiatives of the sustainability task forces.

Sustainability champions will support Clusters' GRC representatives on the theme within their Cluster. Additionally, theme-specific ESG taskforces will have representatives from each Cluster under Subsidiary Governance Guideline requirements. The task force will guide all the Clusters in engaging in initiatives and procedures that support the management of the Group's ESG risks and opportunities. The task force will also support coordinating the reporting of different Clusters key focus areas and pillars.

2022 ESG profile

As part of Group periodic ESG assessment and reporting protocols, the mentioned ESG capabilities were assessed against peers overall ESG performance, including an overview of portfolio companies' ESG performance criteria, which enable investors to integrate ESG factors into their investment decisions.

The ESG assessment program has been developed based on international and national standards, including the GRI, International Financial Reporting Standards (IFRS) General Requirements for Disclosure of Sustainability-related Financial Information, Sustainability Accounting and Standards Board (SASB) and the Abu Dhabi Stock Exchange (ADX) ESG Disclosure Guidance. They are also based on the United Nations Responsible Investment (PRI) principles.

As informed by these international and national standards, the assessment methodology follows an approach based on the following formulation: Commitments > Measures Deployed > Key Performance Indicators (KPIs).

Through an in-depth analysis of the Group's risks and opportunities that emerge from environmental, social, and governance, the comprehensive ESG ratings report quantifies the Group's ESG performance. It has been assessed based on data from nine Sustainability Dimensions and 43 ESG issues with over 180 data points.

The Group's ESG Report for 2022 shows that it scores higher than the GCC average, and UAE average and similar organisations' average, for its environmental, social and governance activities.

In 2022, the Group achieved an overall ESG score of 75 out of 100. This compares to a GCC average of 32 (for the mobility and logistics category) and a UAE average of 44.

Performance of key pillars

The Group was ranked sixth and given a percentile ranking of eighty-three in its 2022 ESG Report, pointing towards impressive performance across crucial ESG issues. The Group outperformed the average for all organisations in 2022 across multiple areas, including environmental management, energy consumption, emissions, responsible customer relations, health and safety, corruption prevention, anti-competitive policies, and its Board of Directors.

Environmental management and eco design

The Group commits to protecting and respecting the environment and avoiding causing adverse environmental impacts. The ESG 2022 assessment reports that the Group has formally committed to environmental management and eco-design in its Sustainability Policy. The Group refers to the existence of this policy in the ESG data repositories.

Prevention of pollution

The Group's ESG assessments for 2022 report that it has formally committed to reducing pollution, and it refers to the existence of this policy in the ESG data repositories. It commits to providing services that contribute to the sustainable development of the environment and deal responsibly with material impacts. The Group aims to manage oil spills and discharges of effluents from ports, ships, and industrial zones.

Biodiversity management

The Group aims to preserve and protect marine and terrestrial biodiversity. Its ESG assessments for 2022 report that it has formally committed to protecting biodiversity in its Sustainability Policy. The Group refers to the existence of this policy in the data per the ESG reporting scheme.

Water management

The Group aims to manage its water use. Its ESG assessments for 2022 report that it has formally committed to reducing water use in its Sustainability Policy. The Group refers to the existence of this policy in the ESG data repositories.

Energy consumption

The Group's ESG assessments for 2022 report that the Group has formally committed to reducing energy consumption in its Sustainability Policy. It refers to the existence of this policy in the ESG data ESG data repositories, and aims to adopt processes, programmes, and technologies that allow it to track, monitor, and reduce its energy consumption effectively. The Group aims to reduce 3,000 MWh and 3,500 kilolitres of fuel consumption and generate 11,000 MWh of clean energy by solar integration by 2030.

Atmospheric emissions related to energy consumption

The Group's ESG assessments for 2022 report that it has formally committed to reducing atmospheric emissions related to energy consumption in its Sustainability Policy, and it refers to the existence of this policy in the ESG data repositories. The Group aims to mitigate and adapt to climate change and transition into a low-carbon economy.

Waste management

The Group aims to minimise the impact associated with using, extracting, processing, transporting, maintaining, and disposing of materials and its ESG assessments for the 2022 report that it has formally committed to reducing hazardous and non-hazardous waste in its Sustainability Policy. The Group refers to the existence of this policy in the ESG data repositories.

Responsible relationships with customers

The Group is fully committed to enhancing the customers' experience at all times and across every touchpoint. Its ESG assessments for 2022 report that it has made a formal commitment to ensure responsible customer relations in its Corporate Social Responsibility Policy. The Group has set a target to have a percentage of complaints closed on time to be 90%.

Supply chain management

The Group's ESG assessments for 2022 report that it has formally committed to managing the supply chain in its Corporate Social Responsibility Policy Code of Conduct and Business Ethics. The Group commits to ensuring that the Group's suppliers operate with values consistent with the company's principles.

Health and safety

The Group commits to safeguarding the health of its employees and ensuring a healthy working environment, and its ESG assessments for 2022 report that it has formally committed to addressing health and safety in its Corporate Social Responsibility Policy. The Group aims to reduce the frequency rate and lost-time injuries by 5%.

Employee training and development

The Group's ESG assessments for 2022 report that it has formally committed to promoting employee training and development in its Corporate Social Responsibility Policy. The Group commits to improving employee welfare, job satisfaction, and career progression and aims to reach an average of twenty-one training hours per employee.

Prevention of human rights violations

The Group commits to protecting and furthering human rights across the company's value chain. Its ESG assessments for 2022 report that it has formally committed to promoting human rights in its Corporate Social Responsibility Policy and Human Rights Policy. The Group adheres to international standards, including the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Equal opportunities

The Group's ESG assessments for 2022 report that it has formally committed to promoting equal opportunity in its Code of Conduct and Business Ethics. The Group commits to protecting and promoting equality for all, specifically among its employees.

Community initiatives

The Group's ESG assessments for 2022 report that it has formally committed to promoting voluntary community initiatives in its Corporate Social Responsibility Policy, and it commits to benefiting the communities it operates within and implementing initiatives and projects that support the community's well-being. The Group aims to achieve one million beneficiaries by the end of Q4 2025.

Board of Directors

The Group's ESG assessments for 2022 report that the roles of the Chairman and GCEO are separated, and the Chairman is considered independent.

Prevention of corruption

The Group commits to promoting fair and responsible business practices, including fair and transparent procurement procedures and anti-corruption practices. Its ESG assessments for 2022 report that it has formally committed to preventing corruption in its Corporate Social Responsibility Policy Code of Conduct and Business Ethics.

Prevention of anti-competitive practices

The Group has formally committed to preventing anti-competitive practices in its Code of Conduct and Business Ethics and is committed to fair competition and dealing.

Nationalisation

The Group's ESG assessments for 2022 report that it has made a formal commitment to promoting nationalisation in its Recruitment Policy, referring to the policy in the ESG data repositories. The Group aims to create job opportunities for the local community and saw its nationalisation rate increase by 1.6% from 66.0% in 2021 to 67.6% in 2022.

Corporate Governance

His Excellency Falah Mohammad Al Ahbabi

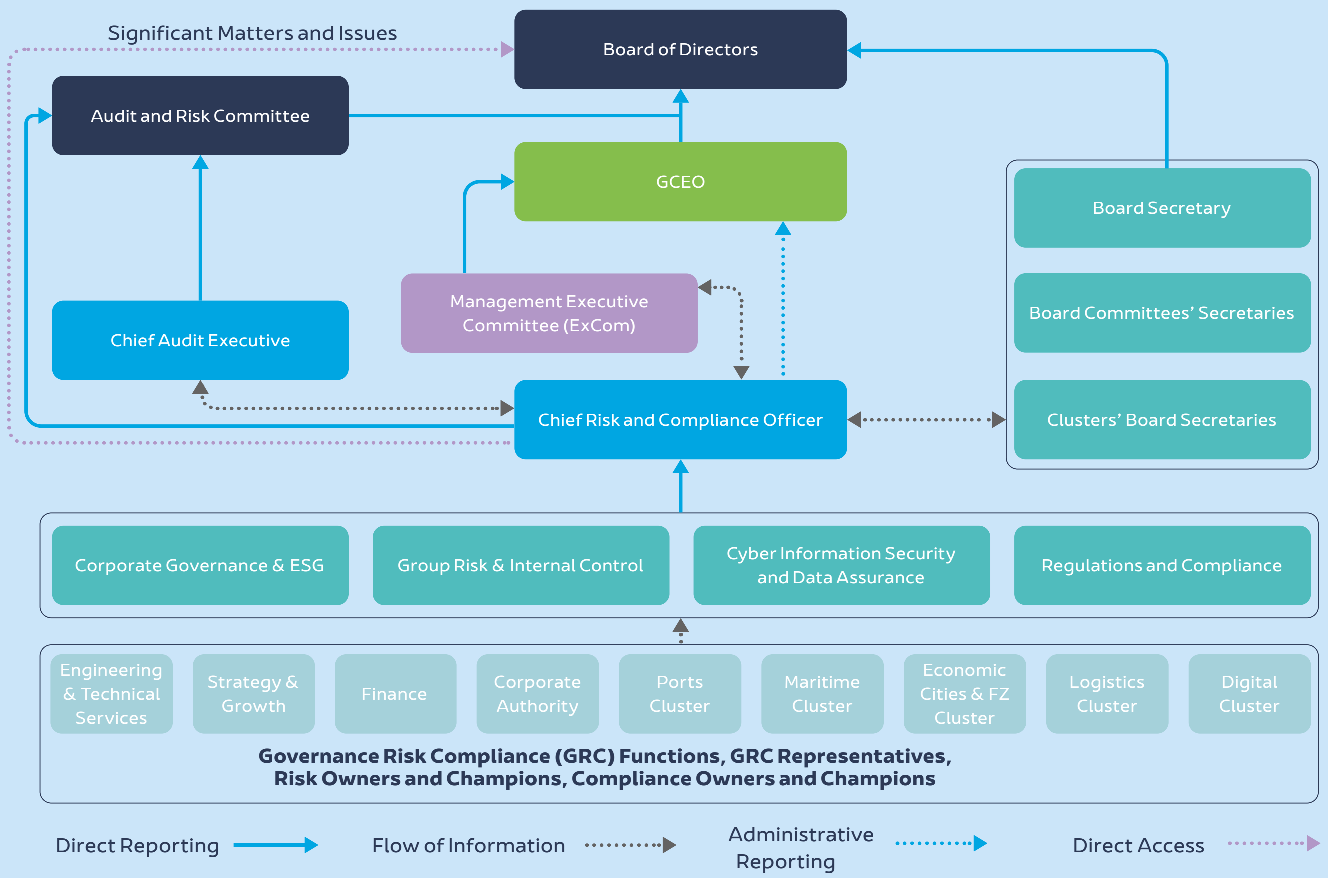
The Group Governance Framework enables and drives governance-related capabilities to enhance transparency, accountability, responsibility, and justice. The framework does this by setting a group of corporate governance principles that the Group and related subsidiaries must adhere to in their day-to-day activities. The principles aim to:

Governance Principle	Aims
Transparency	Transparency means openness and abandonment of obscurity, confidentiality, and misleading, in addition to making anything verifiable and subject to sound vision;
Accountability	The shareholders shall be entitled to hold the Senior Management accountable for its performance under the law and the governance systems. Furthermore, accountability ensures the responsibility of the Senior Management before the Board and the Board's accountability before the shareholders;
Responsibility	It means raising the sense of responsibility of two parts of the Management (the Board and the Senior Management) and that each member shall act according to a high level of professional ethics. Furthermore, responsibility acknowledges the legal rights of the shareholders, and it encourages cooperation between the Group and shareholders concerning matters such as profit and provision of job opportunities; and
Equality	In this regard, it means rights equality between the minor and the major investors. It also implies equality between local investors and foreign investors.

Introduction

The Group Corporate Governance Policy sets the tone at the top, providing direction and guidance for the Group's business subsidiaries. The Group's corporate governance structure aims to clearly define the distribution of rights and responsibilities among different stakeholders and related subsidiaries, such as the Group Board, Senior Management, shareholders, and other stakeholders. It establishes the rules and procedures for decision-making at group-level corporate affairs and subsidiaries by their respective boards. This structure is through which the Group objectives are set and the means of attaining those objectives and monitoring performance.

Risk & Compliance Function – GRC Operating Model



Group Corporate Governance Overview

Subsidiary governance operating model

According to The Governance Guide for Public Joint-Stock Companies Attached to the SCA Board Chairman's Decision No. (3/Chairman) of 2022, which the Securities and Commodities Authority-SCA introduced. Chapter (9): General Provisions - Subsidiary Group Governance - Article (81) illustrates the requirements of the regulations for establishing a framework for governing the subsidiaries. The Group meets these requirements through a framework that allows for the effective governance of the Clusters. It also specifies that the ultimate responsibility of the governance of the Subsidiaries lies at the Group level. Depicted below is the operating model of the Group's subsidiary governance structure.

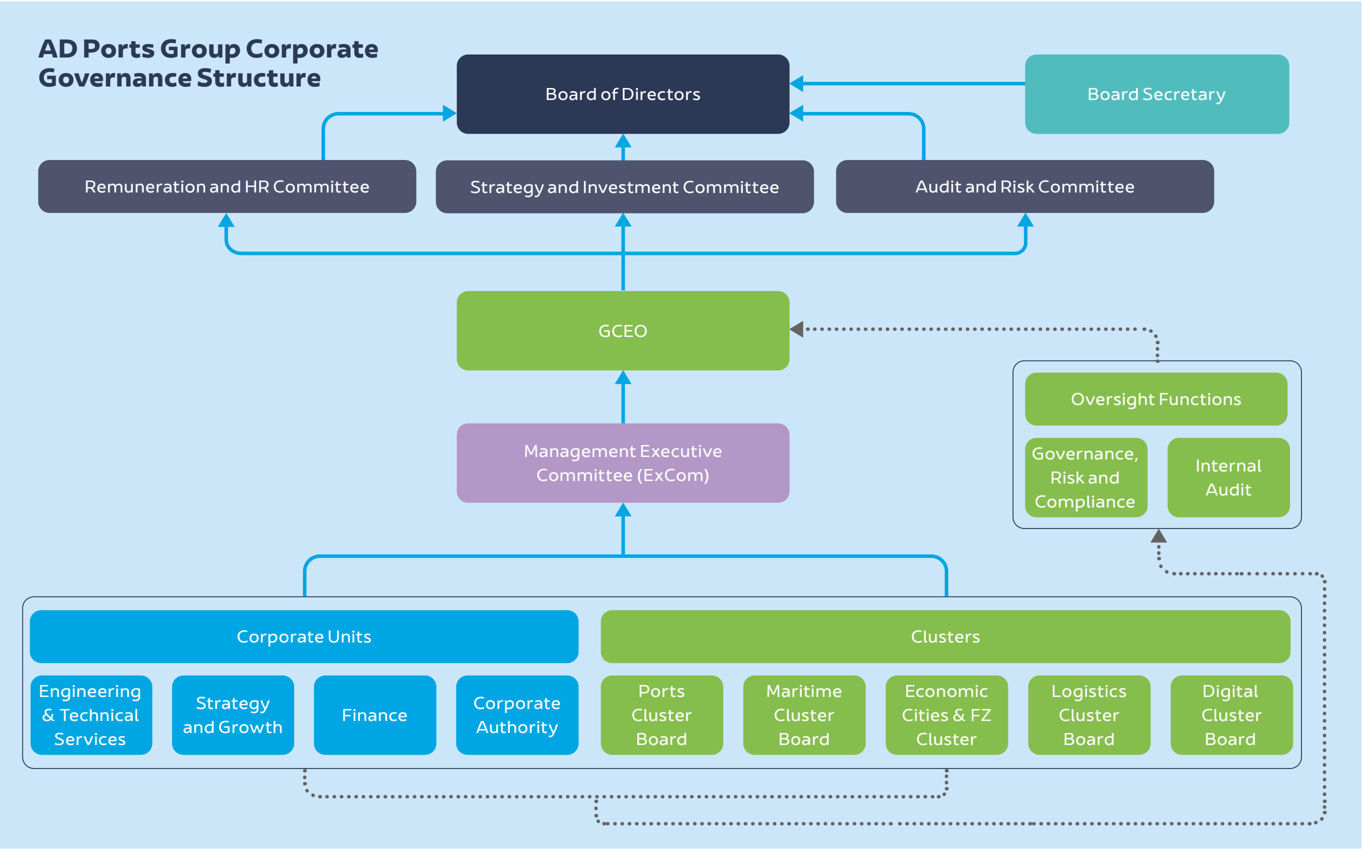
Clusters Boards and Clusters Boards Committees

The governing body comprises a Chairman and members, and each Cluster shall have a dedicated Cluster Board. The Cluster Boards are responsible for providing oversight of the respective Clusters, including Clusters Boards Committees, Clusters Boards Secretaries and Management Committees. The overall responsibilities of the Cluster Board include, but are not limited to, the following:

- Providing oversight over the implementation of the Cluster's strategic and operational plans;
- Approving the Cluster's policies;
- Reviewing the financial results of the Clusters;
- Evaluating the performance of the Cluster Management Team; and
- Ensuring that all activities, strategies, budgets and expenditures align with the Group's expectations.

Delegation of authorities

The Group's Delegation of Authority Matrix has been developed and articulated per related Group policy. The policy sets out a comprehensive matrix of authorities: the Group's shareholders and the Board of Directors. These determine that the Board and the Executive Management should run the Group's administration, strategic, financial, compliance and operational affairs. The authorisations indicate to whom the respective delegations have been assigned and the financial limits applicable. Every effort is made to maintain a clear, consistent delegation throughout the organisation to expedite processing.



Accordingly, the DOA Policy intends to:

- Empower Management to take decisions and enter transactions within clear boundaries.
- Intended to achieve simplified internal control, communication effectiveness, and efficiency by providing a common Delegation of Authority across the Group.
- Ensure the efficient operation of the Group while maintaining fiscal and policy integrity through the careful Delegation of Authority.
- Provides the principles of delegation, including the requirement for review and monitoring of delegations to ensure they remain appropriate.
- Set procedures to be followed by relevant persons with regard to Delegation of Authority.
- Ensure that the most appropriate and best-informed individuals exercise delegated authority within the Group.

Corporate policies and procedures

The Group corporate policies and procedures ensure compliance with all pertinent regulations from applicable national and international regulators and Sector Regulatory Authorities. The corporate policies and procedures enable the following capabilities:

- Ensure effective and efficient Management of our business processes focusing on customers and continual improvement by adopting knowledge and innovation management principles.
- Determine a strategic approach proactively by overseeing enterprise risk management portfolios and articulating risk tolerance levels and appetite.
- Identify and mitigate risks associated with quality, innovation, business continuity, occupational safety, health, information security, asset management, knowledge management, compliance and environmental aspects. Ensure that measures adopted are cost-effective and meet the Group compliance obligations.
- Proactively interact and communicate performance results with interested parties.
- Ensure effective Management of assets throughout their lifecycle in a safe, efficient and sustainable manner to maximise stakeholder value.
- Ensure necessary assets and resources are available and maintain employees' health and well-being.
- Establish a compliance function independent from business operations with appropriate authorities,
- Unrestricted access and reporting line to the Management.

Group Environmental, Social & Governance

The Group Environmental, Social & Governance (ESG) Policy and related framework are designed to drive the Group's ESG transformation, enabling the Management of ESG risk and counterparties' obligations across the Group's value chain and enhancing its ESG performance monitoring and reporting processes.

Effective policy implementation will ensure that the Group addresses the needs and expectations of its key stakeholders, communicates group and subsidiaries' ESG performance and addresses compliance obligations in line with applicable regulatory and voluntary ESG commitments.

Group Internal Controls Policy

Abu Dhabi Ports Group Internal Control aims to implement an effective internal control environment that supports Management in adequate, effective, and efficient operations, reliable information reporting, and compliance with applicable laws and regulations. The objectives of enabling the Internal Control Framework (ICF) are to maximise stakeholders' value and drive the Group's mission by ensuring adequate controls are synergised in place by identifying, assessing, monitoring, and reporting different perspectives of targeted controls deviations and enabling the achievement of Abu Dhabi Ports' Group strategic objectives.

Dividends

The Group Dividend Policy sets the principles for the distribution of Dividends to the shareholders of the Group in compliance with applicable laws and regulations and by considering the long-term growth of the Group and related subsidiaries. The policy ensures the protection of the Group's shareholder rights. It maintains trust, and its aims also illustrate the dividend calculation and ensure fairness of proportion according to contribution in the capital while preserving the ultimate interest of the Group regarding related financial stability aspects.

Insider trading

The Group Insiders Trading Policy aims to set out requirements related to Insiders Trading and support compliance with relevant laws. The policy seeks to safeguard the common interest of the group shareholders by following strict instructions and procedures on how to deal with related aspects, including informing all relevant persons who are defined as "insiders" who are apprised of Inside material Information in general and how it concerns them in their public activities.

Corporate Governance continued

Group business ethics and compliance

The Group Board of Directors exhibits the Group's leadership on behalf of shareholders and creates a responsible workplace environment for group stakeholders. Therefore, all related Corporate Governance Frameworks set the ethical tone within the Group Units, Clusters, and related Subsidiaries and encourage all Management and employees to act ethically and follow applicable laws and regulations and the Group's policies, as follows:

Code of Conduct and business ethics governance

The Group ensures high professional and ethical standards in all business activities. The Group implemented a Code of Conduct and Business Ethics to achieve the intention. The objective of the code is to ensure the establishment of guidelines that govern the ethical behaviour of all relevant persons. These include the employee's internal and external stakeholders, shareholders and group industries communities, vendors, supply chain influencers, and society.

Conflict of interest

In practising their duties, the Board, Board Committee members and the Employees should be fully aware of and clearly understand all applicable laws, rules, and regulations to comply with them in all circumstances. Any advantages that may be presented to the Employees, opportunities for monetary and non-monetary benefits, and the standard compensation arrangement paid by the Group should align with the Conflict-of-Interest Policy.

Whistleblowing

The Group has established a "Whistleblowing Policy," which sets and defines procedures that allow Employees of the Group to disclose their concerns and protects Employees who report problems or concerns, with honest intentions, from any form of retaliation or retribution. Any form of retaliation against any Employee who reports an actual or perceived problem or concerns with honourable intentions is strictly prohibited. Any Employee who commits or condones any form of retaliation shall be subject to the Group's disciplinary procedures.

Dealings or transactions with related parties

The Group has defined a policy for Related Party transactions. The mentioned policy aims to govern dealings or transactions with related parties (collectively "Related Party Transactions"). It shall establish principles of conduct that the Group must adopt to guarantee that transactions with Related Parties are managed appropriately. It further lays down the procedural rules to be followed for the approval of Related Party Transactions entered into by the Group. These procedures are designed to provide more significant safeguards for minority shareholders and other stakeholders by preventing any abuse that might arise from Related Party Transactions, including potential conflict of interests resulting in an improper or illegal benefit to a Related Party. The policy binds and applies to Relevant Persons.

Anti-Bribery and Anti-Corruption (ABAC)

The Group will investigate all actual or suspected bribery, corruption, or fraud and take appropriate disciplinary actions. In contrast, the Group takes a zero-tolerance approach to bribery, corruption, or fraud. To mitigate all related risks proactively, the Group and the Board view any breach of these codes with the utmost gravity by enacting some specific policies.

Board Formation

Board nomination

The Group Board has established the Board Nomination Policy for the 2022 term in cooperation with the Remuneration and Human Resources Committee. The mentioned policy details the steps taken when a candidate for the Board is nominated, selected, elected, and re-elected. Candidates for election or reappointment to the Board of Directors are to be chosen based on merit and objective criteria, as acknowledged by Board Remuneration Policy, to best serve the Group's and its stakeholders' interests.

Board induction

The Board Nomination Policy has set up a Board onboarding procedure. All newly appointed Board Members and Board Advisors are given a bespoke, tailored induction session about the Group and its related subsidiaries and business sectors and other topics that help them do their jobs. Mentioned sessions shed in particular attention on the following aspects:

- Article of Association; Executive Committees Bios';
- Organisational Structure and Corporate governance, risk and compliance policies, procedures and guidelines; Annual Report and accounts for 2020 and 2021;
- Powers reserved to the Board and authorities delegated by the Board to GCEO and others; Code Of Business Conduct & Business Ethics Declarations; and
- Board and Board committee charters; Group Short term and long-term strategies and budget for the current year.

Board diversity

The Group's Board of Directors is elected by the General Assembly for three years or the remainder thereof, in line with the Group's Articles of Association. Most of the Group's directors are non-executive, independent directors, within the meaning of Resolution No. (3/R.M) of 2020 of the SCA (Governance Guide).

With the approval of the amendment of the Articles of Association of the Group in January 2022, **The Group's Board membership increased from 5 to 7 members**, including one female member to support SCA's efforts to increase female representation on corporate boards. Work – such as training and motivational programs – is being undertaken to encourage leadership nomination of women within the Group and its subsidiaries.

Believing in the essential role that women play, the Group will continue to urge internal units and subsidiaries to nominate women for their corporate boards as a general policy in line with the best international practices. This will support the country's national indicators and enrich lives by supporting diversity through group ESG strategies.

The Group ultimately aims to implement decisions and initiatives that ensure **Workforce Diversity & Engagement** and provide all possible support to its Workforce Gender Balance Team. It will always be keen on taking its responsibilities seriously to enhance women's status, support their role in society, and provide an enriching experience in women empowerment at the financial level, hoping that this Experience will be a model to emulate.

Corporate Governance continued

Related parties transactions

In accordance with the Governance Guide Article No. 34 and International Accounting Standards 24: Related Party Disclosures, the Group has conducted business with corporations and entities that meet the definition of a related party. The nature of these transactions, however, is consistent with the Group's ordinary course of business, as further described in note 29 of the Group's audited annual financial statements for the year ending December 31, 2022.

Management Committees

To guarantee good governance, mitigate associated risks, keep decision-making under control, and get the necessary assurance from pertinent functions, the Group CEO and Managing Director have established Management Committees. The below-listed management committees were set up to better advise and assure shareholders and provide a platform for receiving and discussing operational updates.

Management Executive Committee

The Executive Management Committee's primary roles and responsibilities focus on decision-making for the group and related subsidiaries' strategies, business planning, budgeting, financial reporting and Group Risk and Internal Control Management. It determines the Group's activities by putting forth the goals, objectives and targets in concrete terms and formulating the strategies for achieving them. It also puts in place the infrastructure for the Group's success by establishing the following mechanisms:

- Purposeful legal and organisational structures that work effectively and efficiently.
- Functional planning, control, and management risk that assess risks on an integrated cross-functional approach.
- Ensure that Digital strategies are defined and aligned with the business goals of the Group; and
- Succession planning formalises identifying, training and selecting successors for critical positions in the Group.

From an Authority perspective, the Executive Management Committee charter shall have no independent authority to act on the Group's behalf and be regarded as the competent authority. All authorities afforded to individuals as per the Delegation of Authority (DoA) shall remain.

Tender Board Committee
Tender Board is a Management committee whose primary role and responsibility is to support the Group functions with the authority to approve commitments and other decisions on the procurement of goods and services in accordance with the approved DoA. The Committee shall review and endorse recommendations before the Competent authority approves them. The role of the Tender Board is to ensure the following:

- To maintain integrity and exercise control over the procurement process.
- To ensure compliance with the Procurement Policy and Procurement Procedures Manual; and
- Review and advise on other matters required by the DoA or the Competent authority. A Competent Authority is the position identified in the DoA, the Procurement Policy or the Procurement Procedures Manual as having the authority to approve a procurement-related matter.

Strategy & Investment Committee
The Investment committee's primary role and responsibilities look after merger and acquisition proposals, greenfield/brownfield project finance, investment opportunities, asset sales, and funding for capital expenditures or abandonment. The Committee has a responsibility to oversee Executive Committee approvals for activities under the Groups' Delegation of Authority, including:

- Oversight of the Corporate Strategy five (5) year business plan, annual budget and the corporate scorecard scoping the long-term business strategy and any subsequent material changes to the business strategy.
- Growth strategies – including expansion into international markets, any material changes in strategic direction and plans for diversification – amongst any other changes to the Group's growth strategy.
- The strategic rationale for the investment in companies, the acquisition or construction of material assets, the findings of due diligence reports, negotiations of the investment terms, and the binding offer(s) to be made.
- Ensure the policies underlying the financial funding plan of the Group safeguard its adequacy and soundness in providing for its operational and capital requirements. Furthermore, recommend to the Board any necessary changes to the Group's capital and debt structure; articulate Policies for hedging of currency and interest rate risk.
- The Board must approve all material financing (including treasury activities, project financing and refinancing).
- Any decision by Management Committees related to the scope above will require the subsequent approval of the competent authority as per the DoA before being implemented.

Risk and Compliance

AD Ports Group operates a Group Risk and Compliance framework that promotes robust governance, risk, and compliance (GRC) roles and responsibilities. Underpinning the framework is a strategy that enables effective oversight of an evolving corporate culture and manages and embraces the idea of turning risks into opportunities. By identifying ways of turning potential risks into new opportunities, the Group sets out to create value for the Group's operations, strategic objectives, initiatives, and related programs.

Furthermore, GRC is responsible for monitoring compliance with applicable policies, procedures, laws, and regulations; and for developing and ensuring the implementation of controls applied across the Group and all its subsidiaries. The department's work enables management to do the following:

- Develop and maintain Group Corporate Governance Controls such as frameworks, policies, processes, operating models, and related mechanisms.
- Coordinate GRC activities across the Group's Clusters and related subsidiaries and maintenance of the internal key control framework.
- Establish and communicate the Group's enterprise risk management Risk & Compliance profiles, objectives, and direction, helping management to integrate them into the strategy development process.
- Identify, develop, and periodically update a comprehensive list of all compliance obligations and integrate them into the Group's policies and procedures.

GRC operates within a continual improvement and enhancement approach aligned with the Group Excellence Maturity Model. This dictates that the department performs a periodic assessment (semi-annual) of the current state of the Group's Compliance, Governance, and Risk & Compliance capabilities, including frameworks and programs. Furthermore, the GRC indices outline the significant elements crucial to preventing, detecting, and responding to governance, risk, and compliance challenges.

Risk & Compliance Management Framework

The Group's Risk & Compliance Policies defines the Group's overall Risk & Compliance governance practices of Abu Dhabi Ports Group and forms the foundation for relevant stakeholders to manage day-to-day decision-making and risk management capabilities.

The following statements depict the objectives of the Group's Risk & Compliance function:

1. **Implement a comprehensive Risk & Compliance Framework.**
2. **Establish clear accountability and ownership of risk & compliance obligations at an enterprise level.**
3. **Instil increased confidence in the Group's corporate governance and its ability to deliver services.**
4. **Enhance and support the effective achievement of the Group's objectives through appropriate risk mitigation.**
5. **Provide all employees with an understanding of the Group's position on risk-taking and managing risk while considering the interests of all its stakeholders and shareholders.**

At the same time, its mission is to ensure, with the support of the Risk & Compliance Framework, that an effective risk management practice is in place to identify, assess, treat, monitor, and report different types of risks, enabling the achievement of AD Ports Group's strategic objectives.

Key achievements and key results 2022

During a landmark year of major acquisitions and a listing on the Abu Dhabi Securities Exchange (ADX), the Group's risk management framework, particularly its GRC capabilities, evolved significantly in 2022. In particular, GRC worked to identify and mitigate all related Competitive Behaviour and Corporate Governance Culture Risks and ensured that all associated controls were defined and fit for purpose.

AD Ports Group IPO/GRC capacities
Supported the Group's IPO/GRC by devising and implementing Group-wide corporate governance, risk, and compliance framework in line with SCA standards. Circa 30 policies, frameworks, and related SoPs.

AML/sanctions screening
Enacted the Group's Sanctions/KYC Screening Policy. During the year 2022, we saw around ~4000 due diligence transactions take place at the Group level.

Declaration of interest (COI/COBC)
The Group enacted a series of COI/COBC (code of business conduct) policies and initiatives in 2022, reaching 95% of business units, 77% of Clusters, and 86% of the total workforce, including blue-collar employees.

GRC Platform (Muruna)
Successfully implemented a GRC Platform (Muruna) to automate risk, compliance, BCM (business continuity management), audit, and internal controls processes along with reporting mechanisms.

GRC capability maturity assessment
GRC capability maturity assessment took place during 2022 across corporate governance, enterprise risk, and compliance. In addition, an Risk & Compliance (enterprise risk management) culture survey was carried out to gain a more granular appreciation of employee understanding.

ISO 37201:2021 Compliance Management System
In 2022 the Group attained attestation for Compliance Management Systems against ISO 37301:2021 – the "Provision of compliance management assurance services for corporate units and Clusters of AD Ports Group."

ISO 37001:2016 Anti-Bribery Management System
In 2022 the Group attained attestation for Anti-Bribery Management Systems Against ISO 37001:2016 – the "Provision of Anti-Bribery control assurance services for corporate units and Clusters of AD Ports Group."

Risk and Compliance continued

Additionally, a series of mitigation strategies developed in 2022 for anti-corruption, anti-competitive behaviour, and business conduct principles and standards. Amongst the many Group-wide initiatives and programs in 2022 core objectives, as follows:

Increase process efficiency and effectiveness

With a view to increasing the overall efficiency and effectiveness of the Group's risk and compliance capabilities, a root-and-branch analysis and reform agenda took place in 2022. This looked at AML and sanctions policies at the Group and Clusters Levels, fraud risk control policies, frameworks, risk registers, and a comprehensive compliance risk assessment.

During a year that saw the Group move through an extraordinary period of change and development, a large number of programs were completed, including:

- Implemented Group and Cluster-level anti-money laundering (AML), counter-terrorism funding (CTF), and sanctions policies.
- Implemented a new 'Fraud Risk Management (FRM) Control Policy Framework' along with corresponding fraud risk registers and related mitigation measures.
- Develop and implement a compliance monitoring system across the Group and its Clusters, including residual state of compliance risk assessment referenced to the Group regulatory compendium and subsidiaries' activities obligations.
- Develop a Group ESG policies final draft and related framework and ESG strategy for ARC endorsement, which were already endorsed by the group management executive committee.
- Maintain, oversight, and enhance existing governance policies and related mechanisms, including the declaration of interest and COBC automation, whistleblowing, anti-bribery, and anti-corruption, among others,
- Established a whistleblowing "Reach Out" platform in August 2022 across the Group, its Clusters, and third parties.
- Adopted a third-party / vendor risk and due diligence capability utilizing World Check "Refinitiv" platform.
- Facilitated the Group's corporate governance policies in line with SCA standards - circa 30 policies, frameworks, and related SoPs.
- Enabled an 'Internal Control Over Financial Reporting' (ICOFR) exercise and facilitated an Internal Control Framework Policy (ICF) for ARC endorsement, which was already endorsed by the group management executive committee.

Risks identified

To support further compliance, awareness, and relevance of GRC policies, an annual enterprise risk-control assessment exercise was performed across Clusters and corporate units in 2022. GRC also carried out its annual enterprise obligation register review and update exercise across all Clusters and corporate units.

The Group Enterprise Risk Management profile was refreshed and verified, and the residual risk rate was assessed against facts related to group evolvement. The review exercise includes the results of Corporate Level (Strategic) - 57; Cross Departmental Level (Tactical) – 248; and Departmental Level (Transactional) – 864.

The 2022 GRC compliance risk assessment exercise added around 850 new compliance risks, including their controls and residual status. It also completed a fraud control policy risk assessment exercise that identified a total of 93 risks in Corporate (46) and Clusters (47). Furthermore, the 2022 'Internal Control Over Financial Reporting' risk assessment identified a total of 186 risks across 20 Key mandates across Corporate and Clusters.

The ESG regulatory landscape identification procedure also identified around 112 reporting obligations for the Group. Looking ahead to 2023, a more defined regulatory landscape will enable to Group to initiate an ESG and Climate Risk Identification Exercise.

85%

Annual Ethic & Compliance Training

Compliance accreditations

In 2022, as in previous years, the Group worked to entrench and enhance its capabilities and reporting readiness through the attainment of globally recognised ISO standards and guidelines. In 2022 they included:

- ISO 31000:2018, Risk management — Guidelines – Accreditations Granted Successfully by Lloyd's Register, with No Major observations/ nonconformities.
- ISO 37301:2021 – Compliance Management Framework Certification - Accreditations Granted Successfully by Lloyd's Register, with No Major observations/ nonconformities.
- ISO 37001:2018 – Anti Bribery Management – Accreditations Granted Successfully by Lloyd's Register, with No Major observations/ nonconformities.
- ISO 37301:2021 – Compliance Management Framework.
- ISO 37000 – Governance of Organisations Gap Assessments

Enhance customer satisfaction

With customer satisfaction, a core factor in sustainability, the Group's risk and compliance department worked across the business and its Clusters to integrate a series of new customer-related corporate governance frameworks in 2022.

In terms of lines of communication, all governance, risk management and compliance, ESG, and ICOFR-related queries were reported to the Management Executive Committee and the Management Executive Leadership on a monthly basis in 2022. In addition, regulator queries were addressed in a timely fashion, including all reporting requirements.

Enhance the Group Corporate Culture

To ensure that the Group's innovation culture is maintained and enriched, all employees and key stakeholders receive periodic training and guidance on GRC frameworks and culture. In 2022, more than 50 strategic risk assessment sessions were conducted, while a series of specialist training sessions were held on multiple GRC aspects. They include sessions on compliance, fraud, AML, sanctions, and other related elements. In 2022 more than 300 stakeholders from across the entire Group participated.

Specialist training sessions

300+

stakeholders participated in 2022

Maintain our understanding of key stakeholders

As part of this core objective, Risk and Compliance assumed a key stakeholders relations role for the Group, resulting in headcount cost savings and synergies that served to support the ADX listing process.

To further understand the impact of its activities on key stakeholders, the Risk and Compliance team carried out a comprehensive fraud risk assessment, a compliance risk assessment, a review of the AML/ Sanctions regulatory landscape, and an assessment of Cluster governance frameworks.

- Support Clusters and subsidiaries developing GRC function capabilities according to Group Subsidiaries Governance Guidelines in order to mitigate critical risks and monitor materialized risks.
- Oversight market and trading risks such as AML, Sanctions KYC, and 3rd party Risk Management related measures taken by the different concerned stakeholders at both the group level and Cluster-level.
- Develop Group Fraud Control Risk Policy.
- Document additional policies and procedures required under SCA prior to listing.
- Establish Group Internal control framework, including financial reporting controls, compliance, and operational in line with ADAA Resolution no. 1.

Risk horizon in the medium and long term

The Group's medium to long-term risk outlook comprises five dynamics that are always evolving and, as such, represent an ever-changing and increasingly complex risk landscape. They include the ongoing nature of regulatory change, macroeconomics and global economic uncertainties, supply chain and third-party exposure, and disruptive technologies.

Business transformations paradigm shift risk

The newly introduced business transformation model will enable corporate group units, Clusters, and related subsidiaries to migrate from "active management" into "strategic management" capabilities. Such a paradigm shift might impact corporate goals alignment and challenge them to execute and realise the strategic milestones seamlessly, including delays in initiatives execution and deliverables.

Macro-economic developments growth rate

International exposure and uncertainty around the timing of regular macroeconomic cycles create volatility in the markets in which Group subsidiaries operate. The mentioned concern highlights the challenges and uncertainties the business model might face in a dynamic and potentially volatile economic and political environment.

Supply chain, outsourcing and vendors

Group industries value chains corporate capabilities shall ensure effectiveness and readiness, including 3rd and 4th parties' vendors. Mentioned concern examines subsidiaries' capabilities, including third parties.

Disruptive technologies

Group industries are in an era of innovative business models fuelled by disruptive technologies. This concern examines whether Group Clusters industries are prepared to adapt to and capitalise on disruption.

Risk and Compliance continued

Risk name	Description	Mitigation strategies	Risk level (Increasing/ Stable / Decreasing compared to the previous year)	Risk rate (current) – further actions
1-Regulatory Change & Compliance	Group Clusters have a broad spectrum exposing enough impact of new regulatory requirements to seize the competitive market opportunities arising from regulatory change. This issue examines whether boards feel confident receiving complete, timely, transparent, accurate, and relevant information for group and Cluster compliance strategies.	AD Ports Group Compliance Management capabilities enable scan and defining all relevant statutory, regulatory, and contractual requirements surrounding group business ecosystems. The mentioned capabilities support workstreams act proactively by due diligence exercises undertaken in coordination with the regulations governing the new investment decision and assessing the possible liabilities/ financial losses. Moreover, the framework structured periodic reports are developed to include all legal issues such as expired contracts, contractual obligations did not provide such as performance bonds, or non-compliance with government regulations	Stable	High Risk – Continuous Reporting
2-Supply-Chain Business Disruption	To drive AD Ports Industries Chains successfully, corporate capabilities shall ensure effectiveness and readiness, including 2nd and 3rd parties. As well as business partnerships and vendors. This issue examines subsidiaries' capabilities, including third parties.	AD Ports Group establishes resilience capabilities that enable critical suppliers to ensure effectiveness and readiness, including 2nd and 3rd parties, by prioritising activities during emergencies or crises. Critical Business Impact of processes, services, and agreements. The capabilities enable the identification of group business ecosystems. At the same time, contingency plans are ready, effective, cascaded to Suppliers / Providers, and tested periodically.	Increasing	High Risk – Continuous Reporting

Risk name	Description	Mitigation strategies	Risk level (Increasing/ Stable / Decreasing compared to the previous year)	Risk rate (current) – further actions
3-Talent Management	The Growing gig economy, dynamic labour conditions, and the continuing impact of digitalisation are redefining how work gets done. This issue examines organisations' challenges in identifying, acquiring, upskilling and retaining the right talent to achieve their objectives.	Critical position on organisational structure listed. AD Ports Group BoD adopt "Group Strategic Succession Planning" and HR Strategy. At the same time, Competencies support talent management activities and embrace retention.	Increasing	Moderate Risk – Continuous Reporting
4-Sustainable Investment (ESG)	The growth of environmental, social, and governance awareness increasingly influences AD Ports group decision-making. This issue examines AD Ports Group's abilities to establish strategies to address long-term sustainability issues.	Group Level ESG Operating Model enables group workstreams to anticipate all related ESG obligatory universe factors and utilise controls compliance with all regulatory obligations across 2 Clusters, vertical industries, and corporate units.	Increasing	High Risk – Continuous Reporting
5-Cyber-Attack Incidents	The growing sophistication and variety of cyberattack incidents continue to hive easily on organisations' brands and reputations, often resulting in significant financial impacts. This issue examines whether organisations are sufficiently prepared to manage cyber threats that could cause disruption and reputational harm.	Data leakage prevention strategic capabilities are in place; moreover, information security culture embracing program in progress and several strategic milestones aligned with forecasted growth allocated.	Decreasing	High Risk – Continuous Reporting

Financial Statements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Report of the Board of Directors

For the year ended 31 December 2022

The Directors have the pleasure of submitting their report, together with the audited consolidated financial statements of Abu Dhabi Ports Company PJSC (the "Company") and its subsidiaries (together, referred to as, the "Group") for the year ended 31 December 2022.

Results for the year

During the year, the Group earned revenue of AED 5,497,836 thousand (2021: AED 3,909,663 thousand) and net profit for the year amounted to AED 1,284,413 thousand (2021: AED 853,344 thousand).

Dividends

In line with the vision of the Company and its future growth plans, the Company has adopted a business plan to develop and expand its operations, which requires sufficient cash liquidity and increasing cash reserves to support and achieve the desired growth plan. Therefore, the Directors recommends not to distribute any dividends to the shareholders for the financial year ending 31 December 2022.

Accounts

The Directors have reviewed and approved the consolidated financial statements of the Group for the year ended 31 December 2022.

Directors

The Directors who served during the year and as of the reporting date is as follows:

H.E. Falah Mohammed Falah Jaber Al Ahbabi	Chairman
Mr. Khalifa Sultan Hazim Al Suwaidi	Vice Chairman
Mohamed Juma Al Shamisi	Managing Director and Group Chief Executive Officer
Mr. Jasim Husain Thabet	Member
Mr. Mansour Mohamed Abdulqader Mohamed Al Mulla	Member
Ms. Najeeba Hassan Mubarak Khudaim Al Jabri	Member
Mr. Mohamed Ibrahim Al Hammadi	Member

Release

The Directors release the external auditor and management from any liability in connection with their duties for the year ended 31 December 2022.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2023.

On behalf of the Board of Directors

Chairman
Abu Dhabi, UAE

Independent Auditor's Report

To the shareholders of Abu Dhabi Ports Company PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Ports Company PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters are stated below:

Key audit matter	How the matter was addressed in our audit
Revenue recognition	
Revenue is recognised from various streams and sources such as lease, port operations, logistic operations, concessions, and marine, industrial and digital services. The Group reported revenue of AED 5,498 million (2021: AED 3,910 million). Refer to note 3 to the consolidated financial statements for the accounting policy and note 24 for the revenue disclosure. The Group focuses on revenue as a key performance measure and as a driver for growth and expansion. Revenue is material and important to determine the Group profitability. Due to the magnitude of the amount, revenue streams, high volume of transactions and the susceptibility of such revenues to overstatement due to fraud risk, we assessed revenue recognition as a Key audit matter. For more information related to revenue, refer to note 3 for accounting policy on revenue recognition and note 24 in the consolidated financial statements.	Our audit procedures included the following: Understanding the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports, including performance of end-to-end walkthroughs of the revenue processes. Evaluating the design and implementation and testing the operating effectiveness of relevant controls related to the revenue processes. Understanding the control environment and testing the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT system controls and testing of information produced by the entities' IT systems surrounding the revenue processes. Assessing the Group's accounting policy against the requirements of IFRSs and the compliance of revenue recognized therewith. Performing the following substantive audit procedures: • Tests of details on a sample basis by inspecting relevant supporting documents to determine the occurrence and accuracy of the recorded revenue transactions during the year • Tests of details on a sample of transactions before and after the year end to determine that revenue has been recognized in the correct reporting period. Assessing the overall presentation, structure and content of revenue related disclosures in notes 29 to the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

Key Audit Matters continued

Key audit matter	How the matter was addressed in our audit
Business combination	
During the year, the Group entered into a number of business acquisition transactions as disclosed in note 34. As a result of those transactions, the Group recorded goodwill and intangibles of AED 290 million and AED 486 million, respectively. These transactions have been accounted for in accordance with IFRS 3 Business Combinations. Management have applied the acquisition method in accounting for the abovementioned acquisitions which requires the following: • identifying the acquirer; • determining the acquisition date; • recognizing and measuring the identifiable assets acquired, the liabilities assumed and non-controlling interest in the acquiree; and • recognizing and measuring goodwill or a gain from a bargain purchase. Independent external valuation specialists were engaged by the Group to perform the provisional purchase price allocation exercise which includes determination of provisional fair valuation of assets acquired and liabilities assumed, and identification and valuation of the intangible assets. We have identified the acquisition of these businesses as a key audit matter due to the size of the transactions and the inherent complexities associated with business combinations, particularly the judgements applied and estimates made in the: • allocation of the provisional purchase price to the identifiable assets acquired and liabilities assumed; • the identification and measurement of intangible assets and the determination of useful lives assigned to the identified intangible assets; and • adjustments made to align accounting policies of these businesses with those of the Group. Refer to note 34 to the consolidated financial statements for more details relating to this matter.	As part of our audit procedures in respect of the business combinations, we have: • Assessed the design and implementation of controls over the accounting for these transactions; • Assessed whether management's assumptions in relation to the accounting for these transactions are in accordance with the requirements of IFRS 3; and • Agreed the fair values of the assets and liabilities determined by management to the amounts presented in the consolidated financial statements; • As part of our audit procedures in respect of the purchase price allocation, we have: – assessed the completeness and accuracy of the assets acquired and liabilities assumed in the purchase price allocation; – assessed the skills, qualification, objectivity and independence of the external valuation specialists engaged by the Group and reviewed their terms with the Group to determine if it was sufficient for audit purposes. – evaluated, with involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets; – assessed, with involvement of our internal experts, the fair values of a sample of the assets acquired and liabilities assumed; – analysed the provisional fair value adjustments recognized by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS 3; and – assessed, with involvement of our internal experts, the provisional goodwill recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS 3; • Assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Report of Board of Directors, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (32) of 2021, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report continued

To the shareholders of Abu Dhabi Ports Company PJSC

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Report of Board of Directors is consistent with the books of account of the Group;
- Note 3 reflects the Group's investment in shares during the financial year ended 31 December 2022;
- Note 29 reflects the disclosures relating to material related party transactions, balances, and the terms under which they were conducted;
- Note 26 reflects the disclosures relating to social contributions made during the year; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2022:

- Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of the Subject Entities;
- Law of establishment; and
- Relevant provisions of the applicable laws, resolutions and circulars that have an impact on Group's consolidated financial statements.

Deloitte & Touche (M.E.)

Rama Padmanabha Acharya
Registration No. 701
16 March 2022
Abu Dhabi
United Arab Emirates

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,789,636	17,152,182
Investment properties	6	4,481,935	3,637,855
Intangible assets and goodwill	7	946,902	224,043
Right-of-use assets	8	799,838	635,409
Investment in joint ventures	9	612,241	455,493
Investment in associate	10	1,280,325	–
Financial asset at fair value through other comprehensive income	11	2,078,388	58,788
Trade and other receivables	12	2,113,729	1,778,980
Prepayments and advances	13	48,600	45,600
Total non-current assets		**34,151,594**	**23,988,350**
Current assets			
Inventories	14	50,772	25,260
Trade and other receivables	12	2,922,064	2,395,316
Prepayments and advances	13	596,739	451,308
Property held for sale	35	–	237,000
Cash and bank balances	15	790,822	1,051,274
Total current assets		**4,360,397**	**4,160,158**
Total assets		**38,511,991**	**28,148,508**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	5,090,000	3,840,000
Share premium	16	2,750,000	–
Statutory reserve	17	504,696	379,861
Assets distribution reserve	17	(22,063)	(22,063)
Cash flow hedge reserve	17	(41,154)	(97,039)
Investment revaluation reserve	11	928,942	–
Foreign currency translation reserve		(21,786)	–
Merger reserve	17	1,319,288	1,319,288
Retained earnings		4,272,152	3,148,645
Owner's contribution	29	4,467,655	2,069,710
Equity attributable to owners of the Company		**19,247,730**	**10,638,402**
Non-controlling interests	36	**387,403**	**52,546**
Total equity		**19,635,133**	**10,690,948**

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

	Notes	2022 AED'000	2021 AED'000
Liabilities			
Non-current liabilities			
Deferred government grants	18	6,561,872	6,270,793
Provision for employees' end of service benefits	19	157,308	120,011
Payable to the project companies	20	2,139,765	2,150,564
Lease liabilities	8	845,078	713,460
Bond payable	21	3,589,954	3,581,021
Bank borrowing	22	80,795	–
Trade and other payables	23	506,288	343,753
Total non-current liabilities		**13,881,060**	**13,179,602**
Current liabilities			
Deferred government grants	18	279,740	131,919
Payable to the project companies	20	278,681	273,508
Lease liabilities	8	70,249	91,809
Bank borrowings	22	1,395,698	1,146,132
Trade and other payables	23	2,971,430	2,634,590
Total current liabilities		**4,995,798**	**4,277,958**
Total liabilities		**18,876,858**	**17,457,560**
Total equity and liabilities		**38,511,991**	**28,148,508**

To the best of our knowledge, the consolidated financial statements present fairly, in all material respects, the financial condition, results of operations and cash flows of the Group as of, and for, the periods presented therein.

H.E Falah Mohammed Falah Jaber Al Ahbabi
Chairman

Mohamed Juma Al Shamisi
Managing Director and
Group Chief Executive Officer

Mr. Martin Aarup
Group Chief Financial Officer

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

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Revenue	24	5,497,836	3,909,663
Direct costs	25	(2,865,409)	(2,010,672)
Gross profit		**2,632,427**	**1,898,991**
General and administrative expenses	26.1	(984,516)	(682,797)
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivables	12	(142,313)	(20,508)
Selling and marketing expenses		(82,975)	(66,057)
Share of results from joint ventures	9	127,929	29,248
Share of profit from associate	10	36,913	–
(Impairment and write off)/reversal of impairment on investment properties	6	(4,553)	25,813
Finance costs	27	(394,108)	(341,844)
Finance income		15,116	627
Gain on disposal of asset held for sale	35	73,000	–
Other income, net	28	9,507	9,871
Profit before tax		**1,286,427**	**853,344**
Income tax expense on foreign operations		(2,014)	–
Net profit for the year		**1,284,413**	**853,344**
Attributable to the owners of the Company		1,248,342	845,694
Non-controlling interests	36	36,071	7,650
		1,284,413	**853,344**
Basic and diluted earnings per share (AED)	30	**0.25**	**0.22**
Adjusted EBITDA	31	**2,175,091**	**1,600,772**

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
Profit for the year		**1,284,413**	**853,344**
Other comprehensive income:			
Items that will not be reclassified subsequently to statement of profit or loss:			
Fair value gain on financial asset designated at FVTOCI	11	928,950	–
Fair value gain on financial asset designated at FVTOCI – share of equity accounted investees	10	(8)	–
Items that may be reclassified subsequently to statement of profit or loss			
Share of equity accounted investees:			
Net fair value gain/(loss) on hedging instruments entered into for cash flow hedges – equity accounted joint venture	9	55,885	37,136
Share of equity accounted associate	10	(21,390)	–
Loss on translation of foreign operations		(567)	–
Total other comprehensive income		**962,870**	**37,136**
Total comprehensive income for the year		**2,247,283**	**890,480**
Attributable to:			
Owners of the Company		2,211,383	882,830
Non-controlling interests	36	35,900	7,650
		2,247,283	**890,480**

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital AED'000	Share premium AED'000	Statutory reserve AED'000	Assets distribution reserve AED'000
Balance at 1 January 2021 (restated)	3,840,000	–	295,292	(22,063)
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transferred to statutory reserve	–	–	84,569	–
Owner's contribution (note 29)	–	–	–	–
Additional shareholder's contribution in a subsidiary (note 36)	–	–	–	–
Dividend declared to non-controlling interests in a subsidiary (note 36)	–	–	–	–
Balance at 1 January 2022	3,840,000	–	379,861	(22,063)
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transferred to statutory reserve	–	–	124,835	–
Owner's contribution (note 29)	–	–	–	–
Dividend declared to non-controlling interests in a subsidiary (note 36)	–	–	–	–
New shares issued (note 16)	1,250,000	2,750,000	–	–
Acquisition of new subsidiaries (note 34)	–	–	–	–
Balance at 31 December 2022	**5,090,000**	**2,750,000**	**504,696**	**(22,063)**

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

Cash flow hedge reserve AED'000	Investment revaluation reserve AED'000	Foreign currency translation reserve AED'000	Merger reserve AED'000	Retained earnings AED'000	Owner's contribution AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
(134,175)	–	–	1,319,288	2,387,520	33,343	7,719,205	36,976	7,756,181
–	–	–	–	845,694	–	845,694	7,650	853,344
37,136	–	–	–	–	–	37,136	–	37,136
37,136	–	–	–	845,694	–	882,830	7,650	890,480
–	–	–	–	(84,569)	–	–	–	–
–	–	–	–	–	2,036,367	2,036,367	–	2,036,367
–	–	–	–	–	–	–	8,997	8,997
–	–	–	–	–	–	–	(1,077)	(1,077)
(97,039)	–	–	1,319,288	3,148,645	2,069,710	10,638,402	52,546	10,690,948
–			–	1,248,342	–	1,248,342	36,071	1,284,413
55,885	928,942	(21,786)	–	–	–	963,041	(171)	962,870
55,885	928,942	(21,786)	–	1,248,342	–	2,211,383	35,900	2,247,283
–	–	–	–	(124,835)	–	–	–	–
–	–	–	–	–	2,397,945	2,397,945	–	2,397,945
–	–	–	–	–	–	–	(2,241)	(2,241)
–	–	–	–	–	–	4,000,000	–	4,000,000
–	–	–	–	–	–	–	301,198	301,198
(41,154)	**928,942**	**(21,786)**	**1,319,288**	**4,272,152**	**4,467,655**	**19,247,730**	**387,403**	**19,635,133**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the year		1,284,413	853,344
Adjustments for:			
Depreciation of property, plant and equipment and investment properties	5, 6	789,053	502,094
Depreciation of right-of-use assets	8	45,960	33,309
Amortisation of intangible assets	7	53,160	10,690
Impairment and write off/(reversal of loss) on investment Properties	6	4,553	(25,813)
Share of results from joint ventures	9	(127,929)	(29,248)
Share of results from associate	10	(36,913)	–
Impairment losses (net of reversals) on financial assets	12	142,313	20,508
Provision for slow moving inventories	14	1,832	1,210
Amortisation of government grants	18	(383,042)	(131,919)
(Gain)/loss on disposal of property, plant and equipment	28	(1,972)	7,153
Gain on sale of assets held for sale	35	(73,000)	–
Provision for employees' end of service benefits	19	37,211	29,284
Foreign exchange loss/(gain)		2,710	(287)
Finance costs	27	394,108	341,844
Finance income		(15,116)	(627)
Income tax on foreign operations		2,014	–
Operating cash flows before movements in working capital		**2,119,355**	**1,611,542**
Increase in inventories		(25,804)	(9,964)
Increase in trade and other receivables		(1,241,792)	(520,865)
Decrease/(increase) in prepayments and advances		44,335	(1,766)
Increase/(decrease) in trade and other payables		761,886	(267,211)
Cash from operating activities		**1,657,980**	**811,736**
Employees' end of service benefits paid	19	(9,456)	(6,596)
Payment of short-term lease		(13,602)	(12,463)
Payment of low-value assets		(8,722)	(6,108)
Net cash generated from operating activities		**1,626,200**	**786,569**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5,199,708)	(2,856,265)
Purchase consideration paid to acquire new subsidiaries		(880,642)	–
Proceeds from sale of asset held for sale		310,000	–
Proceeds from sale of property, plant and equipment		12,336	734
Purchase of investment properties	6	(321,629)	(268,590)
Investments placed in joint ventures	9	–	(21,190)
Dividends received from joint ventures	9	27,066	60,811
Dividends received from associate	10	42,485	–
Repayment received from a loan given to a related party	29	–	700,000
Investment in short-term deposits	15	(29,616)	(15,154)
Short-term deposits matured	15	–	9,048
Finance income received		15,116	627
Net cash used in investing activities		**(6,024,592)**	**(2,389,979)**

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

	Notes	2022 AED'000	2021 AED'000
Cash flows from financing activities			
Proceeds from bank borrowings	22	1,476,493	2,600,841
Repayment of bank borrowings	22	(1,146,132)	(5,504,709)
Proceeds from issuance of shares	16	4,000,000	–
Proceeds from bond issuance	21	–	3,597,165
Transaction costs paid for bond issuance	21	–	(22,000)
Government grants received	18	303,354	94,941
Contributions received from the parent		–	2,036,367
Finance cost paid		(113,069)	(102,840)
Payments to project companies	20	(253,933)	(255,149)
Payment for principal portion of lease liabilities	8	(116,065)	(28,002)
Payment of interest portion of lease liabilities	8	(40,649)	(38,370)
Dividend paid to non-controlling interests in subsidiaries		(1,675)	(1,077)
Net cash from financing activities		**4,108,324**	**2,377,167**
Net (decrease)/increase in cash and cash equivalents		**(290,068)**	**773,757**
Cash and cash equivalents at the beginning of the year	15	1,035,803	262,046
Cash and cash equivalents at the end of the year	15	**745,735**	**1,035,803**
Significant non-cash transactions:			
Investment in an associate received as a capital contribution	10	**1,307,295**	**–**
Investment in FVTOCI received as a capital contribution	11	**1,090,650**	**–**
Transfer of capital work-in-progress to receivables for Fujairah port development project	12	**–**	**493,196**
Transfer to properties under development (Investment properties) from capital work in progress (property, plant and equipment)	6	**730,936**	**–**
Transfer to property, plant and equipment – Fujairah port developments	5	**730,936**	**–**
Government grants transferred to a related party	18	**–**	**20,998**
Amount due from a related party offset against an amount due to a related party		**–**	**84,610**
Capital work-in-progress transferred to an asset held for sale	5	**–**	**237,000**
Capital contribution received from non-controlling interest in the form of property, plant and equipment		**–**	**8,997**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

1 General information
Abu Dhabi Ports Company PJSC ("the Company" or "AD Ports Group") is a public joint stock company established in accordance with the provisions of Emiri Decree No. 6 of 2006 dated 4 March 2006 ("the Decree") as part of the restructuring of the commercial ports sector in the Emirate of Abu Dhabi ("the Emirate"). During the year, the Company's ordinary shares were listed on the Abu Dhabi Securities Exchange.

The Company is registered with the Department of Economic Development and obtained its commercial license on 29 March 2006. The registered head office of the Company is at P.O. Box 54477, Mina Zayed, Abu Dhabi, United Arab Emirates.

Pursuant to Abu Dhabi Law No. 2 of 2018 and Executive Council Resolution No. 143/2019, the ownership of the Company was transferred to Abu Dhabi Developmental Holding Company PJSC ("ADQ") from the Government of Abu Dhabi effective from 20 June 2019. Accordingly, ADQ is the parent undertaking of the Company, and the Government of Abu Dhabi (the "Government") is the ultimate controlling undertaking of the Company.

The Company, its subsidiaries and joint ventures (together referred to as the "Group") has grown and diversified into vertically integrated clusters with operations across ports, economic cities and free zones, logistics, maritime and digital services:

- **Ports**, which owns and operates ports as well as operates terminals under concession arrangements in the UAE;
- **Economic Cities and Free Zones**, which principally operates Khalifa Economic Zone ("KEZAD") and other industrial cities following the integration of Specialized Economic Zones Company ("ZonesCorp") into the Group at the start of 2020;
- **Logistics**, which provide a range of logistical services, such as transportation, warehouse, cargo handling services and value-added services;
- **Maritime**, which provides a range of marine services, including feedering, as well as transshipment and offshore support services within and outside UAE. Maritime mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering, underwater surveys and other general marine services; and
- **Digital**, which provide digital services to external customers through Maqta Gateway LLC as well as services to the Group's other clusters.

The principal activities of the major subsidiaries, joint ventures and associate are given in note 3, 9 and 10 below respectively.

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

2 Application of new and revised International Financial Reporting Standards ("IFRSs")
2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements
The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts-Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.
- IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021.

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Amendment to IFRS 16 *Covid-19-Related Rent Concessions* beyond 30 September 2021	1 January 2023
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 related to Disclosure of *Accounting Policies*	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* related to definition of accounting estimates	1 January 2023
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments will have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and applicable provisions of the Federal Decree Law No. 32 of 2021.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022 to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has applied the requirements of the New Companies Law during the year ended 31 December 2022.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets that are measured at fair values through other comprehensive income at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level one, two or three based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the presentational currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

Going concern

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

3 Summary of significant accounting policies continued

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and those of its following subsidiaries:

Name of subsidiary	Ownership interest 2022	Ownership interest 2021	Country of incorporation	Principal activity
Operating subsidiaries:				
Specialized Economic Zones Company (Zonescorp) Sole Proprietorship LLC	100%	100%	UAE	Leasing of industrial lands and workers accommodation buildings
MICCO Logistics – Sole Proprietorship LLC	100%	100%	UAE	Freight forwarding and logistics management
Abu Dhabi Marine Services Safeen LLC	100%	100%	UAE	Maritime services
Khalifa Industrial Zone Company LLC	100%	100%	UAE	Leasing of industrial and commercial lands and warehouses
Abu Dhabi Free Zone LLC	100%	100%	UAE	Management of industrial freezones
Maqta Gateway LLC	100%	100%	UAE	Digital services and IT solutions
Fujairah Terminals Operating Co Fujairah Terminals LLC	100%	100%	UAE	Terminal operator
Abu Dhabi Ports Operating and Logistic Company LLC	100%	100%	UAE	Management of ports
Auto Terminal Khalifa Port LLC	51%	51%	UAE	RoRo terminal handling automobile imports and transshipments
Abu Dhabi Maritime Academy Sole Proprietorship LLC	100%	100%	UAE	Education and maritime training in the UAE and the region
OFCO Offshore support and Logistics services LLC	51%	51%	UAE	Maritime offshore and onshore services
Maritime Authority Sole Proprietorship LLC	100%	100%	UAE	Maritime services
Abu Dhabi Ports Logistics SPC	100%	100%	Oman	Loading and unloading of goods
Operating subsidiaries acquired/incorporated during the year:				
Safeen Feeders Company Sole Proprietorship LLC	100%	–	UAE	Shipping operations
Divetech Marine Engineering Services LLC	100%	–	UAE	Marine Engineering Services
Alligator Shipping Container Line LLC	100%	–	UAE	Global shipping and logistics service provider
International Associated Cargo Carrier B.V.	70%	–	Egypt	Stevedoring, warehousing and port services
Safeen Diving and Subsea Services LLC	51%	–	UAE	Deep sea diving and underwater survey activities
Kizad Communities Development & Services Company – Sole Proprietorship LLC	100%	–	UAE	Facilities management
Non-operating subsidiaries:				
Al Yaher General Trading Ltd (Al Yaher)	100%	100%	UAE	General trading products
Abu Dhabi Academy Marine Training Center – Sole Proprietorship LLC	100%	100%	UAE	Maritime training
Kizad Facilities Management – Sole Proprietorship LLC	100%	100%	UAE	Facilities management
Kizad for Power Utilities and Services Sole Proprietorship LLC	100%	100%	UAE	Facilities management
Nishan for Security Services – Sole Proprietorship LLC	100%	100%	UAE	Facilities management
Al Awaid Project Management & Property LLC (Al Awaid)	99%	99%	UAE	Management and leasing of real estate
Al Howaitha General Contracting & Logistics LLC (Al Howaitha)	99%	99%	UAE	Development, management and marketing of free zones

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interest of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

3 Summary of significant accounting policies continued

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, the gain or losses on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in a joint venture.

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. Acquisition-related costs are expensed as incurred and included in profit or loss.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- Liabilities or equity instruments related to shared-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill
Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Common control transactions
The acquisition of entities/businesses under the common control of shareholders are recognised at book value of such entities/businesses at the date of acquisition. An adjustment is made in equity for any difference between the consideration paid for the acquisition and the capital of the acquiree.

The Group accounts for the common control transactions retrospectively by re-presenting its comparatives and adjust its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented. However, this restatement does not, extend to periods during which the entities were not under common control.

Investment in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint ventures are accounted for using the equity method.

The results and assets and liabilities of joint venture are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2022

3 Summary of significant accounting policies continued

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be or a joint venture. When the Group retains an interest in the former a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the joint venture is disposed of.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. When an associate is transferred from an entity under common control, it will be initially recognised at the carrying value at which it is transferred from the other party.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The following table provides information about the nature and time of the satisfaction of performance obligation in contracts with the customers, including significant payment terms and the related revenue recognition policy.

Type of service	Nature and timing of satisfaction of performance obligations
Port-related service including digital services	The Group's port-related services consist of containerised stevedoring, break bulk, general cargo and digital which are generally carried out in a short span of time. These port-related services are contracted with the customers as a single transaction. These port-related services have high degree of integration and accordingly, constitute a single distinct performance obligation for the Group. Revenue from these services is recognised at the point in time when the services are rendered to the customer and are usually payable within 30 to 45 days. The Group also provides container storage services at the request of the customer based on the usage period in the storage yard which constitute a separate distinct performance obligation. Revenue from container storage services is recognised over a period of storage days and are usually payable within 30 to 45 days. For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities or agreed rates with the customers.
Concession arrangements	Port concessions represents lease income from concession granted to third party for the exclusive right to operate the container terminals, which fall within the scope of IFRS 16. Lease income recognised is attributable to fixed concession fees based on the contract entered and variable concession fees. The Group recognises revenue over a period of time. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.
Marine services	Revenue from ship lifting, docking and undocking of vessels is recognised at the point in time when the customer consumes and takes the benefit of the services. These services are contracted with the customers as a single transaction and constitute a single distinct performance obligation for the Group. For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities or agreed rates with the customers.
Logistics services	Revenue from logistics services consists of freight, trucking and transportation and is recognised at period of time when the contractual terms of agreement are satisfied, and either the end user has accepted the services in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. All the contracts include a single deliverable and does not include an integration service and could not be performed by another party. It is therefore accounted for as a single performance obligation. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.
Lease rentals and services from Economic Cities and Free Zones	A lease rental is recognised in the income statement on a straight-line basis over the term of the lease. Where the consideration for the lease is received for subsequent period, the attributable amount of revenue is deferred and recognised in the subsequent period. Unrecognised revenue is classified as deferred revenue under liabilities in the consolidated statement of financial position. Revenue from administrative service, license and registration is recognised at the point in time when the services are rendered to the customer. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.

3 Summary of significant accounting policies continued

Finance income

Finance income from interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become creditimpaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer creditimpaired, then the calculation of interest income reverts to the gross basis.

Other income

Other income includes those income which the Group establishes right to receive benefit (penalties, land reservation and tender fees etc.) through contractual and other arrangements and it is recognised when the right is established in favour of the Group.

Leases

Group as lessor

The Group leases out its investment properties, including own property and right-of-use assets.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Unbilled lease revenues are recognised as a result of straight lining of lease receivables on the basis that the underlying contractual arrangements provide certain escalations in rental income. This accounting reflects management's estimate that the amounts are recoverable with references to customers intention and the level of investments they have made which would create a commercial incentive for the tenant to continue their lease commitments. Moreover, consideration of contractual entitlement of liquidated damages to the extent of these un-billed balances, would impact the recognition of unbilled lease receivables.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts due from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group as lessee
The Group assesses whether contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right-of-use of assets are presented separately in the consolidated statement of financial position and depreciated over the useful life of the underlying asset as follows, which are similar/shorter the period of lease term. The depreciation starts at the commencement date of the lease.

Land	50 years
Port concessions	35 years
Warehouses	10 – 30 years
Plants and equipment	25 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the impairment of non-financial assets policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "General and administrative expenses" in the consolidated statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. There are no any material non-lease components applicable to the Group.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

3 Summary of significant accounting policies continued

Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as "ECL allowance".

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Port infrastructure	3 – 50
Road infrastructure	3 – 50
Substations	25
Building and building improvements	2 – 50
Office equipment and furniture	3 – 25
Motor vehicles	4 – 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Capital work-in-progress
Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related directly attributable staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work-in-progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies. No depreciation is provided on capital work-in-progress.

Investment properties
Investment properties comprise completed properties and properties under development. Completed properties are held to earn rentals and/or for capital appreciation and property being constructed is for future use as investment properties.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis (estimated useful lives of 20 to 50 years) commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

No depreciation is provided on land, included in the investment properties.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognised.

Intangible assets
Intangible assets, including customer relationships and rights, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3 Summary of significant accounting policies continued

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

	Years
Rights	3 – 30
Customer contracts	3 – 29

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

The carrying values of goodwill is reviewed for impairment on annual basis and other intangible assets when events or changes in circumstances indicate the carrying value may not be recoverable, respectively. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group contributes to the pension scheme for UAE nationals under the Abu Dhabi Retirement Pension and Benefits Fund law. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of profit or loss and other comprehensive income in the period to which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligations exist to pay the future benefits.

The accrual relating to annual leave, leave passage and Group's contribution to the pension scheme for UAE nationals are disclosed as current liabilities, while the provision relating to end of service benefits to its expatriate employees as a non-current liability.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss a (netted against direct cost) on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Non-monetary government grants are recorded at a nominal value on recognition.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

3 Summary of significant accounting policies continued

Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Equity instruments designated as at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost, trade receivables, due from related parties, accrued income and un-billed lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, due from related parties, accrued income and un-billed lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Summary of significant accounting policies continued

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; and
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue cost.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Summary of significant accounting policies continued

Derivative financial instruments and hedge accounting

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Taxation

Income tax (expense)/benefit comprises current and deferred tax. Income tax (expense)/benefit is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is recognised in respect of 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 following temporary differences: 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 differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

4 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Control assessment on a joint venture ("JV")

Note 9 to the consolidated financial statements describes that the following investee is a joint venture of the Group even though the Group has 51% ownership interest and voting rights.

Name of investee	Place of incorporation	Place of operation	Proportion of beneficial interest and effective control
Abu Dhabi Terminal ("ADT")	Abu Dhabi, UAE.	Abu Dhabi, UAE.	51%

The remaining ownership interests are held by shareholders that are unrelated to the Group.

The management of the Company assessed whether or not the Group has control over ADT based on whether the Group has existing rights and the practical ability to direct the relevant activities of ADT unilaterally. Management concluded that since the Group has equal voting rights with the other investor and same representation in the investee's board of Directors, the Group has a joint control over the investee.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Impairment assessment of investment properties

Investment properties are assessed for impairment based on assessment of cash flows on individual cash generating units when there is an indication of impairment.

In assessing whether there is any indication that the investment properties at the end of the reporting period may be impaired, the Group considered the following:

- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of the assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting that indicates a significant decline in budgeted net cash flows flowing from the asset.

Investment properties are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the discounted cash flows projections based on reliable estimates of future cash flows, supported by the expected terms of existing lease arrangements from the asset or CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. Based on such detailed assessment performed, the management concluded that there is no impairment losses for its investment properties as of 31 December 2022.

Useful lives and residual values of property, plant and equipment and investment properties

The useful lives and residual values of the property, plant equipment and investment properties are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandon or sold. Management has reviewed the residual values and the estimated useful lives of property, plant and equipment and investment properties in accordance with IAS 16 *Property, plant and equipment* and IAS 40 *Investment properties* has determined that these expectations do not significantly differ from previous estimates.

Calculation of loss allowance

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in note 11. The following components has a major impact on the credit loss allowance: definition of default, probability of default "PD", exposure at default "EAD" and loss given default "LGD".

The Group uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to incorporate forward looking data. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic condition and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customers actual default in the future.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

Impairment of non-financial assets
Property, plant and equipment, right-of-use assets, biological assets and investment property are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment against property, plant and equipment and investment properties is noted as on year end.

Impairment of investment in associate
In testing for impairment, the Group evaluates the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows for the foreseeable future. Any shortfall between the estimated recoverable amount and the carrying value of investment is recognised as an expense in the consolidated statement of profit or loss. Management is satisfied that no impairment provision is necessary on its investments in associate.

Discount rate used for initial measurement of lease liability
The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group, on initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

Determining the lease term
In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

5 Property, plant and equipment

	Port infrastructure AED '000	Road infrastructure AED '000	Substations AED '000	Building and improvements AED '000	Vessels and equipment AED '000	Office facilities AED '000	Motor vehicles AED '000	Capital work-in-progress AED '000	Total AED '000
Cost									
At 1 January 2021	8,510,904	512,880	359,016	2,313,966	686,459	712,865	68,681	4,692,450	17,857,221
Additions during the year	18,940	–	–	131	2,472	31,840	16,978	2,853,538	2,923,899
Transfers from capital work-in-progress	449,291	–	–	1,436,380	783,359	84,561	109	(2,753,700)	–
Transfers to receivables (i)	–	–	–	–	–	–	–	(493,196)	(493,196)
Transfers to property held for sale (note 35)	–	–	–	–	–	–	–	(237,000)	(237,000)
Transfers to grants (note 18)	–	–	–	–	–	–	–	(20,998)	(20,998)
Disposals	(252)	–	–	(9,456)	–	(14,568)	–	–	(24,276)
At 1 January 2022	8,978,883	512,880	359,016	3,741,021	1,472,290	814,698	85,768	4,041,094	20,005,650
Additions during the year	–	–	–	–	12,713	4,674	–	5,105,294	5,122,681
Transfers from capital work-in-progress	207,316	–	79,256	400,442	2,513,277	73,687	–	(3,273,978)	–
Transfers to investment properties (note 6)	–	–	–	–	–	–	–	(730,936)	(730,936)
Transfer from receivables	67,000	–	–	433,000	–	–	–	–	500,000
Acquired through business combination (note 34)	–	–	–	–	327,617	–	–	–	327,617
Transfer from right of use asset (note 8)	–	–	–	–	122,570	–	–	–	122,570
Disposals	(8,748)	–	–	–	(2,775)	(4,658)	(1,518)	–	(17,699)
At 31 December 2022	**9,244,451**	**512,880**	**438,272**	**4,574,463**	**4,445,692**	**888,401**	**84,250**	**5,141,474**	**25,329,883**
Accumulated depreciation									
At 1 January 2021	1,160,611	142,574	114,579	333,392	411,808	309,070	10,296	–	2,482,330
Charge for the year	162,013	20,649	14,415	42,531	36,379	111,508	32	–	387,527
Disposals	(40)	–	–	(1,782)	–	(14,567)	–	–	(16,389)
At 1 January 2022	1,322,584	163,223	128,994	374,141	448,187	406,011	10,328	–	2,853,468
Charge for the year	178,795	20,650	15,375	67,968	207,339	94,349	645	–	585,121
Acquisition through business combination (note 34)	–	–	–	–	98,430	–	–	–	98,430
Transfer from right of use asset (note 8)	–	–	–	–	10,563	–	–	–	10,563
Disposals	(5,373)	–	–	–	(444)	–	(1,518)	–	(7,335)
At 31 December 2022	**1,496,006**	**183,873**	**144,369**	**442,109**	**764,075**	**500,360**	**9,455**	**–**	**3,540,247**
Carrying amount									
At 31 December 2022	**7,748,445**	**329,007**	**293,903**	**4,132,354**	**3,681,617**	**388,041**	**74,795**	**5,141,474**	**21,789,636**
At 31 December 2021	**7,656,299**	**349,657**	**230,022**	**3,366,880**	**1,024,103**	**408,687**	**75,440**	**4,041,094**	**17,152,182**

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2022 AED'000	2021 AED'000
Direct costs (note 25)	481,868	313,699
General and administrative expenses (note 26)	103,253	73,828
	585,121	**387,527**

Except for property, plant and equipment granted by the Government of Abu Dhabi as described in note 18, all other granted property, plant and equipment to the Group by the Government of Abu Dhabi have been recognised at a nominal value of AED 1.

Capital work-in-progress mainly comprises the costs relating to Khalifa Port and Economic Cities & Free Zones developments.

Staff costs of AED 165.6 million have been capitalised within capital work-in-progress during the year ended 31 December 2022 (2021: AED 149.4 million).

Borrowing costs of AED 35.2 million have been capitalised during the year ended 31 December 2022 (2021: AED 61.0 million).

(i) The Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million (31 December 2021: AED 493.2 million). The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 12) and Advances for Fujairah Port development project (note 23). During the year, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 18) from "Advances for Fujairah Port development project" (note 23) respectively.

6 Investment properties

	Completed properties AED'000	Properties under development AED'000	Total AED'000
Cost			
At 1 January 2021	4,203,075	607,238	4,810,313
Additions	–	268,590	268,590
Transfers from properties under development	325,501	(325,501)	–
At 1 January 2022	4,528,576	550,327	5,078,903
Additions	–	321,629	321,629
Transfers from properties under development	78,099	(78,099)	–
Transfers from property, plant and equipment	–	730,936	730,936
Write off of properties under development	–	(34,145)	(34,145)
At 31 December 2022	**4,606,675**	**1,490,648**	**6,097,323**
Accumulated depreciation			
At 1 January 2021	893,395	–	893,395
Charge for the year	114,567	–	114,567
At 1 January 2022	1,007,962	–	1,007,962
Charge for the year	203,932	–	203,932
At 31 December 2022	**1,211,894**	**–**	**1,211,894**
Accumulated impairment			
At 1 January 2021	458,899		458,899
Reversal of impairment loss	(25,813)	–	(25,813)
At 1 January 2022	433,086	–	433,086
Reversal of impairment on investment properties – net	(29,592)	–	(29,592)
At 31 December 2022	**403,494**	**–**	**403,494**
Carrying amount			
At 31 December 2022	**2,991,287**	**1,490,648**	**4,481,935**
At 31 December 2021	**3,087,528**	**550,327**	**3,637,855**

6 Investment properties continued

The depreciation charge has been recorded under the direct costs in the consolidated statement of profit or loss.

Rental income from investment properties of AED 1,739 million (2021: AED 1,627 million) was earned and direct operating expenses (including maintenance expense) of AED 561.4 million was incurred during the year ended 31 December 2022 (2021: AED 471.4 million).

During the year, the Group has reclassified AED 730.9 million (2021: nil) from property, plant & equipment (capital work-in-progress) to Investment properties (properties under development) due to the change in the intended use of the assets upon completion.

Investment properties under development mainly comprises the costs relating to warehouses, Razeen and workers residential cities in Economic Cities & Free Zone.

The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be level three valuation.

Some of the Group's investment properties have been recognised at cost of AED 1, as the nominal value at which these properties were granted from the Government of Abu Dhabi as disclosed in note 18. These investment properties include warehouses relating to Khalifa Industrial Zone Company LLC, Zayed Port, and Industrial City of Abu Dhabi.

Investment properties under development mainly comprises the costs relating to warehouses and Razeen workers residential cities in industrial zones.

The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be level three valuation. There has been no change to the valuation technique during the year and no transfer in the current year between the levels of the fair value hierarchy (2021: nil).

7 Intangible assets and goodwill

	Goodwill AED'000	Customer contracts and relationships AED'000	Rights, brand name and others AED'000	Total AED'000
Cost				
At 1 January and 31 December 2021	54,534	181,200	27,170	262,904
At 1 January 2022	54,534	181,200	27,170	262,904
Acquired through business combination (note 34)	289,990	372,599	113,430	776,019
As at 31 December 2022	**344,524**	**553,799**	**140,600**	**1,038,923**
Accumulated amortisation				
At 1 January 2021	–	25,907	2,264	28,171
Charge for the year	–	9,784	906	10,690
At 1 January 2022	–	35,691	3,170	38,861
Charge for the year	–	40,436	12,724	53,160
As at 31 December 2022	**–**	**76,127**	**15,894**	**92,021**
Carrying amount				
As at 31 December 2022	**344,524**	**477,672**	**124,706**	**946,902**
As at 31 December 2021	54,534	145,509	24,000	224,043

Goodwill

The carrying amount of goodwill has been allocated to CGUs as follows:

	2022 AED'000	2021 AED'000
Logistics cluster – Abu Dhabi Terminals LLC (a)	32,824	32,824
Logistics cluster – MICCO Logistics (b)	21,710	21,710
Maritime cluster – Divetech Marine Engineering Services LLC	26,100	–
Maritime cluster – Alligator Shipping Container Line LLC	10,826	–
Maritime cluster – Safeen Diving and Subsea Services LLC	92,572	–
Maritime cluster – Transmar International shipping company	148,704	–
Ports cluster – Transcargo International	11,788	–
	344,524	**54,534**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

(a) Logistics cluster – Abu Dhabi Terminals LLC

The Group recognised goodwill of AED 32.8 million from the acquisition of full shareholding interest of logistics operations of Abu Dhabi Terminals LLC ("ADT"), a cash generating unit. The recoverable amount of this CGU was based on its value in use calculation, which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a discount rate of 6% per annum (2021: 5.5% per annum) calculated by weighted average cost of capital ("WACC").

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for future trends in the relevant industries.

Operating profits

Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of for future trends in the relevant industries.

Cash flows beyond that five-year period have been extrapolated using a steady 4% (2021: 3%) per annum growth rate.

The steady growth rate of 4% is estimated by the directors of the Group based on past performance of the CGU and their expectations of market development. The Directors estimate that a decrease in growth rate by 4% would not reduce the headroom in the CGU to nil and would not result in an impairment charge.

The carrying amount of the CGU was determined to be lower than its recoverable amount of AED 1,155 million (2021: AED 4,205 million), accordingly, no impairment loss has been recognised during 2022 (2021: AED nil).

(b) Logistic cluster – of MICCO Logistics

The Group recognised Goodwill of AED 21.7 million from the acquisition of full shareholding interest of MICCO Logistics – Sole Proprietorship LLC ("MICCO"), a CGU. The recoverable amount of this cluster was based on its value in use calculation, which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a discount rate of 6% per annum (2021: 5.5% per annum) calculated by weighted average cost of capital ("WACC").

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for future trends in the relevant industries.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

7 Intangible assets and goodwill continued

Operating profits

Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of for future trends in the relevant industries.

Cash flows beyond that five-year period have been extrapolated using a steady 4% (2021: 3%) per annum growth rate.

The steady growth rate of 4% is estimated by the Directors of the Group based on past performance of the cash-generating unit and their expectations of market development. The Directors estimate that a decrease in growth rate by 4% would not reduce the headroom in the cash-generating unit to nil and would not result in an impairment charge.

The carrying amount of the CGU was determined to be lower than its recoverable amount of AED 5,698 million (2021: AED 2,901 million), accordingly, no impairment loss has been recognised during 2022 (2021: AED nil).

Customer contracts and relationships

Customer contracts and relationships includes:

- AED 173 million was acquired during 2018 from a business combination as a result of evaluating a long-term contract between ADT and a local entity on which ADT is providing gateway operation services since 2013;
- AED 8.3 million of customer contracts and relationships as a result of the acquisition of Al Mazroui International Cargo Company LLC on 24 January 2019; and
- AED 372.6 million of customer contracts and relationships as a result of the acquisitions during the year 2022.

Rights

Rights with a fair value of AED 27,170 thousand were acquired during 2018 as a result of signing a long-term agreement with an international shipping company as consideration for selling 49% ownership in ADT.

During the year, the group has recorded the rights and brand names amounting to AED 113.4 million (2021: nil) on business combinations.

The amortisation period for customer contracts and relationships in the Group is 3 to 29 years. Rights are amortised over their estimated useful lives which ranges from three to 30.

8 Right-of-use assets and leases

Right of use assets

	Lands AED'000	Port concession AED'000	Warehouses AED'000	Plant and Equipment AED'000	Total AED'000
Cost					
At 1 January 2021	86,205	391,461	252,071	74,646	804,383
Additions	2,884	–	–	–	2,884
At 1 January 2022	89,089	391,461	252,071	74,646	807,267
Acquisition through business combination during the year (note 34)	–	–	–	316,948	316,948
Additions	–	–	–	30,762	30,762
Transfer to property, plant and equipment (note 22 (ii))	–	–	–	(122,570)	(122,570)
At 31 December 2022	**89,089**	**391,461**	**252,071**	**299,786**	**1,032,407**
Accumulated depreciation					
At 1 January 2021	7,183	39,146	33,815	59,213	139,357
Charge for the year	1,767	11,184	16,964	3,394	33,309
Other movement	–	–	(808)	–	(808)
At 1 January 2022	8,950	50,330	49,971	62,607	171,858
Acquisition through business combination during the year (note 34)	–	–	–	25,314	25,314
Accumulated depreciation on transfer to property, plant and equipment	–	–	–	(10,563)	(10,563)
Charge for the year	1,724	11,185	16,964	16,087	45,960
At 31 December 2022	**10,674**	**61,515**	**66,935**	**93,445**	**232,569**
Carrying amount					
At 31 December 2022	**78,415**	**329,946**	**185,136**	**206,341**	**799,838**
At 31 December 2021	80,139	341,131	202,100	12,039	635,409

The Group leases land, warehouse and port infrastructure. The leases typically run for a period of 10 to 50 years, with an option to renew the lease after that date, The Group is restricted from entering into any sub-lease arrangements.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Amounts recognised in consolidated statement of profit or loss:

	2022 AED'000	2021 AED'000
Depreciation expense on right-of-use assets (note 25)	**45,960**	**33,309**
Interest expense on lease liabilities (note 27)	**40,649**	**38,308**
Expense relating to short-term leases	**13,602**	**12,463**
Expense relating to leases of low-value assets	**8,722**	**6,108**

All the property leases in which the Group is the lessee contain fixed-lease payment terms and there are no-lease contracts with variable lease payments.

8 Right of use assets and leases continued

Lease liabilities

The movement in lease liabilities is as follows:

	2022 AED'000	2021 AED'000
At 1 January	805,269	830,449
Additions during the year	30,977	2,884
Acquisition through business combination during the year (note 34)	195,146	–
Interest expense for the year (note 27)	40,649	38,308
Payments during the year	(156,714)	(66,372)
At 31 December	**915,327**	**805,269**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The maturity analysis of lease liabilities is presented below.

	2022 AED'000	2021 AED'000
Maturity analysis:		
Year one	71,639	94,440
Year two	73,380	64,446
Year three	73,388	66,013
Year four	64,069	66,020
Year five	64,078	57,637
Onwards	1,158,195	1,099,558
Balance at the end of the year	1,504,749	1,448,114
Less: future interest	(589,422)	(642,845)
	915,327	**805,269**

The current and non-current classification of lease liabilities as of the reporting date is as follows:

	2022 AED'000	2021 AED'000
Current lease liabilities	70,249	91,809
Non-current lease liabilities	845,078	713,460
	915,327	**805,269**

9 Investment in a joint venture

Details of the Group's joint ventures at the end of the reporting period are as follows:

Joint ventures	Percentage of ownership 2022	2021	Place of registration
Abu Dhabi Terminals LLC (ADT)	51%	51%	UAE
K-Shipping Investment Ltd	50%	50%	UAE
ALM Shipping Management Ltd	50%	50%	UAE
Compagnie Des Chargeurs De Guinée SA	50%	50%	Guinea
Compagnie Maritime De Guinée SA	50%	50%	Guinea
ZonesCorp Infrastructure Fund (ZIF)	50%	50%	UAE

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

Movement in the investment in joint ventures during the year is as follows:

	2022 AED'000	2021 AED'000
At 1 January	455,493	428,730
Investments placed during the year	–	21,190
Share of profit for the year	127,929	29,248
Share of other comprehensive income for the year	55,885	37,136
Dividend received	(27,066)	(60,811)
At 31 December	**612,241**	**455,493**

Investment in Abu Dhabi Terminals LLC ("ADT")

Investment in Abu Dhabi Terminals LLC ("ADT") represents the Company's 51% ownership in ADT (container operations).

AD Ports sold 49% of ADT to Terminal Investment Limited SARL ("TIL") in accordance with a sale and purchase agreement dated 7 May 2018 ("the SPA"). Based on the SPA, the operations of ADT will be jointly managed and controlled by AD Ports and TIL. Consequently, AD Ports lost the control over ADT and derecognised the related assets and liabilities from its consolidated statement of financial position. The retained interest in ADT was accounted for as a joint venture amounting to AED 20.7 million including goodwill of container operations of AED 17.85 million. During the previous year, this goodwill was fully impaired and the carrying value of the investment was nil.

Investment in joint ventures with LDPL

On 15 June 2018, the Company and LDPL Ship Management & Operation DMCEST ("LDPL") signed undertakings agreeing to form the below joint ventures which will be jointly managed and operated by the Company and LDPL:

- K Shipping Investment Ltd ("K-Shipping");
- ALM Shipping Management Ltd ("ALM Shipping");
- Compagnie Des Chargeurs De Guinée SA ("CCG"); and
- Compagnie Maritime De Guinée SA ("CMG").

Together referred as "LDPL JV".

The main objective of these entities is to own and operate a number of vessels to manage the transshipments of certain materials from the port of Guinea to the mother vessels in the ocean for onward shipment to the UAE. The LDPL had signed contract on 16 April 2018 with Emirates Global Aluminium ("EGA") for the Transshipment business.

Further to that, the management concluded that the loans given to the joint ventures namely K Shipping Investment Ltd, ALM Shipping Management Ltd, Compagnie Des Chargeurs De Guinee SA and Compagnie Maritime De Guinee SA are extensions of the Group's investment in the joint ventures.

9 Investment in a joint venture continued

Investment in ZonesCorp Infrastructure fund ("ZIF")

On 1 June 2020, the Group acquired a 50% equity interest in ZonesCorp Infrastructure fund ("ZIF"). ZIF comprises 100% equity interests in four subsidiaries, "the Project Companies", refer to note 20. ZIF is a closed investment fund domiciled in the United Arab Emirates ("UAE") and is governed under the authority of the Central Bank Board of Directors' Resolution No. 164/8/94.

The Project Companies have signed agreements with the Group to construct and transfer the Industrial City of Abu Dhabi Extension Phases 1 and 2 in Abu Dhabi, the Al Ain Industrial City, and the Industrial City of Abu Dhabi Industrial Effluent Treatment Plant. All construction has been completed and there is currently no operations ongoing except for periodical invoicing and loan settlements.

Summary of the statements of financial position of the joint ventures is set out below:

			Joint ventures with LDPL			
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Current assets	**259,001**	362,781	**103,597**	121,278	**354,660**	317,620
Non-current assets	**2,529,285**	2,641,993	**498,551**	522,290	**2,139,765**	2,150,564
Current liabilities	**(345,525)**	(248,417)	**(333,071)**	(354,612)	**(80,275)**	(77,458)
Non-current liabilities	**(2,933,657)**	(3,149,054)	**(328,306)**	(358,052)	**(1,261,798)**	(1,542,038)
(Net liabilities)/net assets	**(490,896)**	(392,697)	**(59,229)**	(69,096)	**1,152,352**	848,688
Group share of net assets	**–**	–	**–**	–	**576,176**	424,344
Other equity movements	**–**	–	**136,028**	131,112	**(99,963)**	(99,963)
Group's carrying amount in the joint ventures	**–**	–	**136,028**	131,112	**476,213**	324,381
Cash and bank balances	**118,342**	231,771	**25,823**	20,875	**75,766**	43,800
Financial liabilities (excluding trade payables and provisions)	**3,057,809**	(3,202,731)	**(613,362)**	(666,007)	**(1,331,854)**	(1,606,157)

Summarised statement of profit or loss and other comprehensive income is as follows:

			Joint ventures with LDPL			
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Revenue	351,579	269,847	221,762	189,234	248,307	250,174
Direct costs	(244,687)	(270,632)	(197,200)	(186,356)	–	–
Administrative expenses	(136,009)	(33,843)	(6,455)	(30,511)	(2,180)	(12,909)
Finance costs	(141,801)	(130,663)	(9,847)	(10,759)	(190)	(61,944)
Other income	16,540	3,397	1,577	(569)	85	87
(Loss)/profit for the year	**(154,378)**	**(161,894)**	**9,837**	**(38,961)**	**246,022**	**175,408**
Group's share of (loss)/profit	–	(17,850)	4,918	(40,606)	123,011	87,704
Other comprehensive income	–	(21,044)	–	–	111,770	57,348
Share of other comprehensive income/(loss) for the year	–	15,535	–	–	55,885	21,601
Total comprehensive income/(loss) for the year	**–**	**15,535**	**4,918**	**(40,606)**	**178,896**	**109,305**

The above profit/(loss) for the year include the following:

			Joint ventures with LDPL			
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Depreciation and amortisation	(126,997)	(129,445)	(31,628)	(44,846)	–	–
Interest income	–	–	–	87	85	87
Interest expense	141,801	(130,663)	(9,847)	(10,759)	(190)	(61,944)
The unrecognised share of loss of a joint venture for the year	(78,733)	(82,566)	–	–	–	–
Cumulative share of unrecognised losses	(188,823)	(110,090)	–	(15,263)	–	–

10 Investment in an associate

During the year, the parent undertaking of the Group, ADQ transferred 22.32% of ownership of Aramex PJSC as the shareholder's contribution for no consideration. The Group recognised the transferred ownership as an investment in an associate as the Group determined that they have significant influence over the investment by virtue of representation on the Board of Directors. The Group recorded the transferred ownership at fair value of investment in associate at the acquisition date.

Movement in the balance of investment in associate is as follows:

	31 December 2022 AED'000
Balance at the beginning of the year	–
Transferred from parent entity during the year	1,307,295
Share of profit for the year	36,913
Share of other comprehensive loss for the year	(21,398)
Dividend received during the year	(42,485)
Balance at the end of the year	**1,280,325**

Summary of the statements of financial position of the associate is set out below:

	2022 AED'000
Current assets	2,189,571
Non-current assets	3,902,938
Current liabilities	(1,519,857)
Non-current liabilities	(2,054,264)
Net assets	**2,518,388**
Attributable to:	
Owners of the entity	2,509,523
Non-controlling interests	8,865
Group share of net assets	560,126
Goodwill	712,428
Other adjustments	7,771
Group's carrying amount in the associate	**1,280,325**
Cash and bank balances	**758,954**
Financial liabilities (excluding trade payables and provisions)	**3,336,062**

10 Investment in an associate continued

Summarised statement of profit or loss and other comprehensive income is as follows:

	2022 AED'000
Revenue	5,926,005
Direct costs	(4,501,701)
Administrative expenses	(1,181,383)
Finance costs	(72,773)
Finance income	4,933
Other income	15,979
Income tax expense	(25,674)
Profit for the year	**165,386**
Group's share of profit	36,913
Other comprehensive income of associate	(134,657)
Group's share of other comprehensive income	(30,055)
Other adjustments	8,657
Share of other comprehensive loss for the year	(21,398)
Total comprehensive loss for the year	**15,515**

The above profit for the year include the following:

	2022 AED'000
Depreciation and amortisation	**363,665**
Interest income	**4,933**
Interest expense	**(72,773)**

11 Financial asset at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Financial assets at FVOCI breakdown as at the end of the year comprises the following:

	31 December 2022 AED'000	31 December 2021 AED'000
Quoted equity security (i)	2,019,600	–
Unquoted debt and equity security (ii)	58,788	58,788
	2,078,388	**58,788**

(i) During the year, the parent undertaking of the Group, ADQ transferred 10% ownership in National Marine Dredging Company PJSC ("NMDC") as the shareholder's contribution for no consideration. The Group recognised the transferred ownership as a financial asset at FVTOCI and recorded the fair value of the security at the acquisition date.

(ii) The Group holds 10% ownership in CSP Abu Dhabi Terminal LLC, a container terminal operator operating from Khalifa Port.

Movement in the balance of financial assets at FVOCI is as follows:

	31 December 2022 AED'000	31 December 2021 AED'000
Balance at the beginning of the year	58,788	58,788
Transferred from parent entity during the year	1,090,650	–
Change in fair value recognised in other comprehensive income	928,950	–
Balance at the end of the year	**2,078,388**	**58,788**

The valuation methodology for these investments is disclosed in note 33.

12 Trade and other receivables

	2022 AED'000	2021 AED'000
Non-current portion		
Un-billed lease receivables	2,309,214	2,010,283
Less: loss allowance	(195,485)	(231,303)
	2,113,729	**1,778,980**
Current portion		
Trade receivables	2,318,949	1,413,940
Due from related parties (note 29)	414,268	560,253
Accrued income	623,931	385,636
	3,357,148	2,359,829
Less: loss allowance	(598,561)	(503,140)
	2,758,587	1,856,689
Receivable for Fujairah Port development (note 5)	–	493,196
Staff receivables	28,984	31,764
Other receivables	134,493	13,667
	2,922,064	**2,395,316**

The average credit period on rendering of services is 60-90 days. No interest is charged on outstanding trade receivables.

The Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million (31 December 2021: AED 493.2 million). The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 12) and Advances for Fujairah Port development project (note 23). During the year, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 18) from "Advances for Fujairah Port development project" (note 23) respectively.

The Group always measures the loss allowance for trade receivables, due from related parties, accrued income and unbilled receivable at an amount equal to lifetime ECL. The expected credit losses on trade receivables including un-billed lease receivables, accrued income and due from related parties are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against the individual customer balances identified as fully credit impaired and not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. During the year, the Group has written off AED 82.7 million (2021: AED 82.6 million) subject to enforcement activities. The Group had assigned full impairment allowances for these trade receivables in previous years.

12 Trade and other receivables continued

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

	Not past due AED'000	0 – 90 days AED'000	91 – 180 days AED'000	181 – 270 days AED'000	271 – 365 days AED'000	>365 days AED'000	Individually assessed AED'000	Total AED'000
31 December 2022								
Total gross carrying amount	566,110	506,391	241,430	95,278	109,069	377,315	423,356	2,318,949
Expected credit loss rate (average)	3.02%	4.42%	6.73%	10.24%	12.20%	14.35%	–	–
Lifetime ECL	17,084	22,367	16,240	9,756	13,308	54,157	423,356	556,268
31 December 2021								
Total gross carrying amount	382,473	157,009	67,664	75,123	90,285	254,131	387,255	1,413,940
Expected credit loss rate (average)	6.24%	2.96%	5.36%	7.28%	9.63%	14.13%	–	–
Lifetime ECL	23,863	4,649	3,628	5,468	8,698	35,908	387,255	469,469

Movements in the allowance for impairment of trade and other receivables were as follows:

	Collectively assessed AED'000	Individually assessed AED'000	Total AED'000
At 1 January 2021	156,460	640,067	796,527
Net remeasurement of loss allowance	(55,647)	76,155	20,508
Amounts written off	–	(82,592)	(82,592)
At 1 January 2022	100,813	633,630	734,443
Net remeasurement of loss allowance	55,945	86,368	142,313
Amounts written off	–	(82,710)	(82,710)
At 31 December 2022	**156,758**	**637,288**	**794,046**

Out of total allowance for impairment of trade and other receivables, AED 207.9 million (2021: AED 264.9 million) is related to un-billed lease receivables, accrued income and due from related parties.

13 Prepayments and advances

	2022 AED'000	2021 AED'000
Non-current portion		
Prepaid expenses	48,600	45,600
Current portion		
Advance payments to contractors	470,614	363,869
Prepaid expenses	126,125	87,439
	596,739	**451,308**

14 Inventories

	2022 AED'000	2021 AED'000
Spare parts	25,481	33,175
Fuel	35,038	–
Less: provision for obsolete and slow-moving inventories	(9,747)	(7,915)
	50,772	**25,260**

The cost of inventories recognised as an expense during the year was AED 68 million (2021: AED 35 million).

Movements in the provision for obsolete and slow-moving inventories are as follows:

	2022 AED'000	2021 AED'000
At 1 January	7,915	6,705
Provided during the year (note 26)	1,832	1,210
At 31 December	**9,747**	**7,915**

15 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2022 AED'000	2021 AED'000
Cash on hand	4,255	5,625
Fixed deposits and current accounts with banks	786,567	1,045,649
Cash and bank balances	790,822	1,051,274
Less: deposits with an original maturity of more than three months	(45,087)	(15,471)
Cash and cash equivalents	**745,735**	**1,035,803**

Fixed deposits with banks carried an average interest rate of 0.81% per annum (2021: 0.60% per annum).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

16 Share capital

	2022 AED'000	2021 AED'000
Authorised, issued and paid up capital		
5,090,000,000 ordinary shares of AED 1 each (2021: 384,000,000 ordinary shares of AED 10 each)	**5,090,000**	**3,840,000**

Movement in the balance is as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	3,840,000	3,840,000
Additions during the year (1,250,000,000 shares issued of AED 1 each)	1,250,000	–
Balance at the end of the year	**5,090,000**	**3,840,000**

During the year, the Group made its first equity placement through a pre-listing private placement of 1,250 million of ordinary shares. Nominal value of a share is AED 1 and issued at a price of AED 3.20 per share. Total cash received from the share subscription was AED 4,000 million with a premium of AED 2,750 million. ADQ will remain as the majority shareholder with 75.42% ownership in the Company's share capital.

17 Reserve

17(a) Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Decree Law No. 32 of 2021, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company.

17(b) Assets distribution reserve

As per the Executive Council resolution no. (108) of 2015, the Group should bear the cost of construction for certain Government Related Entities' ("GREs'') assets without requesting or obtaining any funds from the Government of Abu Dhabi. The Government of Abu Dhabi will compensate the Group by deducting the cost of these GREs' constructed assets from the future dividends to be declared annually.

17(c) Cash flow hedge reserve

	2022 AED'000	2021 AED'000
Balance at 1 January	97,039	134,175
Gain arising on changes in fair value of hedging instruments during the year	(55,885)	(37,136)
Balance at 31 December	**41,154**	**97,039**

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

17(d) Merger reserve

On 1 June 2020, the President of United Arab Emirates issued Law No. (16) for 2020 (the "Law"). As per the law, The Higher Corporation for Specialized Economic Zones in the Emirate of Abu Dhabi ("ZonesCorp") was dissolved and all its assets, rights and obligations were transferred to AD Ports Group from its immediate parent company, Abu Dhabi Development Holding Company PJSC ("ADQ").

ZonesCorp was primarily involved in the leasing of residential buildings and industrial plots in the Industrial City of Abu Dhabi and Al Ain Industrial City and provision of foreign labour services. ZonesCorp commenced its commercial activities effective from 1 October 2004.

Pursuant to applicable law, the Group will establish, own, plan, manage and operate economic zones, as well as develop its infrastructure, and provide services required by facilities or companies to practice their activities in the economic zones, in cooperation with relevant authorities. It must also provide economic zones with technical, administrative, logistic and technological support.

In accordance with the policy, the Group has accounted for the acquisition of ZonesCorp at book value, electing for retrospective accounting, which resulted in the restatement of the balances for the year ended 31 December 2019. During the year ended December 31, 2020, an adjustment was made to the merger reserve to reflect any difference between the consideration paid for the acquisition of ZonesCorp and its net capital. The consideration adjustment was reflected in the period in which the transaction occurred during the year ended 31 December 2020.

18 Deferred government grants

The Group has recognised several grants from the Government of Abu Dhabi as stated below:

1. During the prior years, the Government of Abu Dhabi granted the Group non-monetary assets comprising land in Taweelah, the head office building, furniture and fixtures, warehouses, commercial ports and other ports assets in Abu Dhabi. These non-monetary government grants are recognised at a nominal value of AED 1.

   Granted warehouses and portions of office buildings that are held to earn rentals are classified as investment properties (note 6). The remainders of the granted assets are either held for owner-occupation or under development for future owner-occupation and accordingly are classified as property, plant and equipment (note 5).

2. On 13 December 2011 the Executive Council approved additional funding to the Group as compensation for certain assets constructed by the Group and in December 2013 the Group signed an agreement with the Government of Abu Dhabi, through the Department of Finance – Abu Dhabi ("DOF") in relation to those assets. The significant terms of the agreement are as follows:

   - DOF reimbursed the Group for the cost of constructing the assets for an amount of AED 6 billion. AED 5 billion of this was provided as loan which was subsequently waived off by DOF, along with all due interest;
   - As part of the settlement agreement, the Group further received an amount of AED 1 billion during 2013;
   - DOF granted the Group the perpetual possession and perpetual enjoyment of the assets under the agreement; and
   - AD Ports has the perpetual right to:
     - Develop, alter, modify, construct or otherwise treat the assets as it deems fit; and
     - Manage, use and benefit from the assets in accordance with its articles of association and the Decree.

   Management has assessed the agreement with DOF and concluded that it represents a monetary government grant. As such, a government grant of AED 6 billion has been recognised in the consolidated statement of financial position.

3. During 2020, the Group received grants of AED 322.9 million related to construction of COVID-19 related assets which mainly included a cold store and Razeen infrastructure.

4. Along with the transfer of the assets and liabilities of ZonesCorp to the Group during 2019, the Group has recognised the government grant amounting to AED 223.8 million. There were further additions of AED 362.6 million during the year 2019. The closing balance of AED 498.5 million as at 31 December 2019 mainly included a grant amounting to AED 221.3 million received from Musanada, AED 90.3 million from the Executive Council and AED 186.8 million received from the DOF for specific projects.

5. During 2022 the Group received monetary grants of AED 21.6 million (2021: AED 56.7 million) from the parent and AED 300.3 million (2021: AED 38.3) from the DOF with the aim of financing the constructions of certain capital projects of the Group.

6. Government grants that are received to construct the assets and where construction of those assets is ceased, are transferred to the profit and loss upon completion of two years from the cessation of construction of assets or receipt of such government grants whichever is later.

7. The Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million (31 December 2021: AED 493.2 million). The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 12) and Advances for Fujairah Port development project (note 23). During the year, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 18) from "Advances for Fujairah Port development project" (note 23) respectively.

18 Deferred government grants continued

Movement in the balance is as follows:

	2022 AED'000	2021 AED'000
At 1 January	6,402,712	6,460,688
Additions during the year	821,942	94,941
Amount recognised as revenue during the year (note 25)	(383,042)	(131,919)
Transferred to a related party	–	(20,998)
At 31 December	**6,841,612**	**6,402,712**

The current and non-current classification of deferred government grants is as follows:

	2022 AED'000	2021 AED'000
Current liability	279,740	131,919
Non-current liability	6,561,872	6,270,793
	6,841,612	**6,402,712**

19 Provision for employees' end of service benefits

	2022 AED'000	2021 AED'000
At 1 January	120,011	97,323
Transferred through business combination (note 34)	9,542	–
Charged during the year	37,211	29,284
Paid during the year	(9,456)	(6,596)
At 31 December	**157,308**	**120,011**

20 Payable to the project companies

The balance is payable in relation to the following projects:

	2022 AED'000	2021 AED'000
Industrial City of Abu Dhabi (ICAD III)	1,074,908	1,094,058
Industrial City of Abu Dhabi (ICAD II)	767,266	755,343
Al Ain Industrial City (AAIC)	333,738	326,549
Industrial Effluent Treatment Plant (IETP)	242,534	248,122
	2,418,446	**2,424,072**

The movement in balance is as follows:

	2022 AED'000	2021 AED'000
At 1 January	2,424,072	2,429,047
Interest charge for the year (note 27)	248,307	250,174
Payments during the year	(253,933)	(255,149)
At 31 December	**2,418,446**	**2,424,072**

The current and non-current classification of payable to project companies is as follows:

	2022 AED'000	2021 AED'000
Current liability	278,681	273,508
Non-current liability	2,139,765	2,150,564
	2,418,446	**2,424,072**

Amounts payable to project companies owned by ZIF represent amounts payable towards costs of construction of Industrial City of Abu Dhabi Extension Phase I ("ICAD II"), Industrial City of Abu Dhabi Extension Phase II ("ICAD III"), Al Ain Industrial City ("AAIC") and Industrial Effluent Treatment Plant ("IETP") in accordance with agreements with ICAD II Limited LLC, ICAD III Limited LLC, AAIC Project LLC and ICAD Industrial Waste Treatment Services LLC, respectively (the "Project Companies").

The agreements oblige the project companies to:

- Design, develop and build ICAD II, ICAD III, AAIC and IETP;
- Operate and maintain IETP; and
- Finance the projects by obtaining bank borrowings or other funds.

In accordance with the restated agreements for ICAD II and ICAD III, and a variation order for AAIC, ZonesCorp has released the project companies from the obligation to operate and maintain the industrial cities.

Finance cost of AED 248.3 million (2021: AED 250.2 million) reflects the effective interest 9%-12% (2021: 9%-12%) on the amounts payable to project companies. The project companies have obtained borrowings from a bank to fund the construction of the above projects.

As per terms of the agreements, the Group shall make payments to the project companies for each contract month, which shall continue to occur during the tenure of the agreements as follows:

	Commencement date	Maturity date
Industrial City of Abu Dhabi (ICAD III)	26 October 2007	25 October 2037
Industrial City of Abu Dhabi (ICAD II)	14 February 2008	13 February 2038
Al Ain Industrial City (AAIC)	26 October 2009	25 October 2039
Industrial Effluent Treatment Plant	26 February 2009	25 February 2039

Payables to the project companies are measured under the amortised cost method, where the fair value approximates its present value.

21 Bond payable

The Company issued unsecured USD 1 billion 10-year bonds (the "Notes") under a Euro Medium Term Note Programme ("EMTN Programme"), which was jointly listed on the London Stock Exchange (LSE) and Abu Dhabi Securities Exchange (ADX). The Notes will mature on 6 May 2031 and carry a coupon of 2.5% per annum. Proceeds of the Notes will be used for general corporate purposes and debt refinancing. The settlement of the offering occurred on 6 May 2021 and the Group received cash of USD 979.2 million (AED 3,579.2 million). The par value of the bond was USD 1,000 million (AED 3,673.5 million) and was issued at a price below par resulting in net proceeds being lower by USD 20.8 million (AED 76.3 million).

The fair value of the bond payable as of 31 December 2022 is USD 829.16 million, which is equivalent to AED 3,046 million (2021: USD 1,000 million and AED 3,673.5 million).

As of 31 December 2022, unamortised prepaid transaction cost for the bond is AED 18.4 million (2021: AED 20.6 million) and unmortised discount is AED 65.1 million (2021: AED 71.9 million).

22 Bank borrowings

	2022 AED'000	2021 AED'000
Non- current		
Term loan (ii)	80,795	–
Current		
Loan facility (i)	1,395,698	1,146,132
Total bank borrowings	**1,476,493**	**1,146,132**

(i) Loan facility

During 2021, the Group obtained an unsecured senior revolving credit facility with a credit limit of USD 1,000 million (AED 3,673.5 million) from a syndicate of local and international banks for the purpose of financing capital expenditure and general corporate purposes of the Group. The facility has a tenure of three years and an extension option of two years at one year increments and carries an effective interest rate of 0.85% over LIBOR depending on the facility utilisation. The terms of the agreement require the Group to maintain a minimum tangible net worth of AED 6 billion. As of the reporting date, the Group is in compliance with this financial covenant.

(ii) Term loan

During the year, a subsidiary of the Group obtained a secured medium-term loan with a value of USD 22 million (AED 80.8 million) from a local bank in Egypt for the purpose of early settlement of lease liabilities and subsequent capitalization of a vessel that was previously recorded as a right of use asset under IFRS 16. The loan carries an interest rate of 5.88%. The loan is repayable in quarterly instalments, with the first instalment commencing fifteen months after the loan drawdown date. The entire balance outstanding has been classified as a non-current liability.

Reconciliation of borrowing movement to the cash flows arising from financing activities is as follows:

	2022 AED'000	2021 AED'000
At 1 January	1,146,132	4,050,000
Loans drawdown during the year	1,476,493	2,600,841
Loans repaid during the year	(1,146,132)	(5,504,709)
At 31 December	**1,476,493**	**1,146,132**

23 Trade and other payables

	2022 AED'000	2021 AED'000
Non-current portion		
Deferred income	405,973	259,937
Customer deposits	100,315	83,816
	506,288	**343,753**
Current portion		
Accrued expenses and construction related costs	1,392,102	1,190,830
Contractors and suppliers payables	572,630	158,290
Deferred income	475,116	240,483
Customer advances	180,312	116,051
Due to related parties (note 29)	227,667	233,928
Retentions payable	61,861	147,380
Other payables	56,442	47,628
Contingent and deferred consideration	5,300	–
Advances for Fujairah Port development project (note 12)	–	500,000
	2,971,430	**2,634,590**

The average credit period is 60 days. The Group has financial risk management policies in place to ensure that payables are paid within credit time frame.

24 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time and also recognises rental income from its properties in the following major service lines. This disclosure is consistent with the revenue and rental income information that is disclosed for each reportable segment under IFRS 8 (note 31).

	2022 AED'000	2021 AED'000
Marine services (a)	2,136,972	605,111
Economic Cities & Free Zones leasing (b)	1,316,618	1,289,730
Port concessions and leasing (c)	547,943	479,567
Ports operations (d)	531,703	548,374
Logistics operations (e)	518,268	588,371
Other Economic Cities & Free Zones services (f)	333,168	261,566
Digital services (g)	113,164	136,944
	5,497,836	**3,909,663**

a) Maritime services represent revenue from feedering, as well as transshipment and offshore support services within and outside UAE. Maritime mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering, underwater surveys and other general marine services.
b) Economic Cities & Free Zones leasing represents revenue earned from land leasing, warehousing and other built assets within KIZAD and ZonesCorp.
c) Ports concessions and leasing represents revenue from concessions granted for the container terminals at Khalifa Port, port infrastructure lease revenue and leasing revenue from land lease within the port areas.
d) Port operations represent revenue from general cargo, cruise and other operations within the different ports owned by the Group.
e) Logistics operations represent revenue earned from various logistics operations including freight forwarding, trucking and transportation.
f) Other Economic Cities & Free Zones services represents revenue earned from supply of gas to industrial zone customers and other miscellaneous services.
g) Digital services represent revenue from digital and technology development and support to external customers as well as foreign labor services.

In the following table, revenue from contracts with customers is disaggregated by products and service lines and timing of revenue recognition.

a) Disaggregation of revenue from contracts with customers:

	2022 AED'000	2021 AED'000
Services transferred at a point in time		
Maritime services	2,136,972	604,101
Logistics operations	518,268	587,007
Ports operations	531,703	548,374
Digital services	113,164	136,944
Other Economic Cities & Free Zones services	75,049	29,136
	3,375,156	**1,905,562**
Services transferred over-time		
Other Economic Cities & Free Zones services related to lease contracts	254,583	232,430
Total revenue from contracts with customers	**3,629,739**	**2,137,992**

24 Revenue continued

b) Disaggregation of revenue from rental income:

	2022 AED'000	2021 AED'000
Economic Cities & Free Zones leasing	1,316,618	1,289,730
Ports concessions and leasing	547,943	479,567
Other lease income	3,536	2,374
	1,868,097	**1,771,671**

25 Direct costs

	2022 AED'000	2021 AED'000
Depreciation of property, plant and equipment and investment properties (note 5 and 6)	685,800	428,266
Staff cost	476,200	346,768
Vessel operating cost	348,643	65,591
Repair & maintenance cost	280,618	303,989
Fuel costs	280,122	90,093
Warehousing and handling cost	266,299	151,260
Utility cost	227,077	213,021
Trucking and transportation cost	197,460	331,439
Equipment hire	121,058	6,108
Non-vessel container carrier operating cost	62,555	–
Insurance and consultancy costs	53,831	30,175
Amortisation of intangible assets (note 7)	53,160	10,690
Outsourcing and external manpower	51,996	61,425
Amortisation of right-of-use assets (note 8)	45,960	33,309
Application license and maintenance cost	31,566	25,889
Marine port costs	29,143	–
Other operating cost	18,807	12,814
Foreign labour service charge	18,156	31,754
Less: Government grants	**3,248,451**	**2,142,591**
(note 18)	**(383,042)**	**(131,919)**
	2,865,409	**2,010,672**

26.1 General and administrative expenses

	2022 AED'000	2021 AED'000
Staff cost	532,750	426,227
Outsourcing and external manpower	128,006	83,970
Professional fees	110,204	36,885
Depreciation of property and equipment and investment property (note 5)	103,253	73,828
Other expenses	22,677	7,160
Facility management	21,088	18,360
Administration	20,104	7,434
Communication expenses	12,589	11,738
Car rental and fuel expenses	10,905	4,683
Licensing and subscriptions	8,284	4,664
IT expenses	6,004	3,019
Insurance	3,987	1,832
Utilities	2,833	1,787
Provision for slow moving inventories (note 14)	1,832	1,210
	984,516	**682,797**

The Group made social contributions amounting to AED 2.5 million during the year ended 31 December 2022 (2021: AED 1.7 million).

26.2 Staff cost

Staff costs of the Group comprised as follows:

	2022 AED'000	2021 AED'000
Salaries, bonuses and other benefits	874,621	739,411
Outsourced manpower and staffing costs	268,155	145,395
Employees' end of service benefits (note 19)	37,211	29,284
Staff training and development costs	5,866	4,419
	1,185,852	**918,509**

The Group has made pension contributions amounting to AED 53.1 million (2021: AED 42.2 million) in respect of UAE national employees to the Abu Dhabi Retirement Pensions and Benefits Fund in accordance with Law No. (2), 2000 of the Emirate of Abu Dhabi.

	2022 AED'000	2021 AED'000
Staff costs are allocated to:		
Direct costs	525,097	408,259
General and administrative expenses	660,755	510,250
	1,185,852	**918,509**

27 Finance cost

	2022 AED'000	2021 AED'000
Unitary payment to the project companies (note 20)	248,307	250,174
Interest on bond payable	100,771	66,061
Finance cost of lease liabilities (note 8)	40,649	38,308
Interest on bank borrowing	23,818	23,134
Other finance costs	15,803	25,170
Total interest expense	429,348	402,847
Less: amounts included in the cost of qualifying assets (note 5)	(35,240)	(61,003)
	394,108	**341,844**

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 0.51% (2021: 1.65%) to expenditure on such assets.

28 Other income, net

	2022 AED'000	2021 AED'000
Other income	7,535	17,024
Gain/(loss) on disposal of property, plant and equipment	1,972	(7,153)
	9,507	**9,871**

29 Related party balances and transactions

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, Directors, key management staff, and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions and balances with other related parties are disclosed in below note.

Terms and conditions of transactions with related parties

The services to and from related parties are made at normal market prices.

Balances with these related parties generally arise from commercial transactions in the normal course of business on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	2022 AED'000	2021 AED'000
Due from related parties (note 12):		
Joint ventures		
Abu Dhabi Terminals Company LLC	46,418	4,380
Entities under common control		
Department of Finance – Abu Dhabi	20,564	169,077
National Marine Dredging Company	–	132,971
Abu Dhabi Police	8,562	–
Abu Dhabi Polymers Co. Ltd (Borouge)	27,252	86,388
Emirates Steel Industries Co. PJSC	64,323	57,665
Department of Municipalities and Transport	11,018	32,000
Abu Dhabi National Oil Company	111,249	20,053
Aramex	163	–
Rafed Healthcare Supplies LLC	10,435	19,849
CMA Terminal Khalifa LLC	47,712	–
General Headquarter Armed Forces	3,485	10,319
Silal Food and Technology LLC	32	7,515
Other entities controlled by the Government of Abu Dhabi	63,055	20,036
	367,850	**555,873**
	414,268	**560,253**

	2022 AED'000	2021 AED'000
Accrued income (note 12)		
Parent Company		
Abu Dhabi Developmental Holding ("ADQ")	2,466	235,923
Joint venture		
Abu Dhabi Terminals Company LLC	26,504	44,939
Entities under common control		
Abu Dhabi Police	119,450	–
Abu Dhabi National Oil Company	513	18,500
Department of Municipalities and Transport	31,764	11,003
Lulu International Holding Limited (Group)	–	4,880
Rafed Healthcare Supplies LLC	1,516	2,105
Other entities controlled by the Government of Abu Dhabi	12,526	395
	165,769	**36,883**
	194,739	**317,745**
Unbilled lease receivables (note 12)		
Joint venture		
Abu Dhabi Terminals Company LLC	286,269	262,901
Entities under common control		
Other entities controlled by the Government of Abu Dhabi	71,546	50,687
	357,815	**313,588**

	2022 AED'000	2021 AED'000
Prepayments and advances (note 12) (continued)		
Joint venture		
Abu Dhabi Terminals Company LLC	48,600	60,800
Entities under common control		
National Marine Dredging Company	–	226,516
National Health Insurance Company PJSC (Daman)	3,544	2,290
	3,544	**228,806**
	52,144	**289,606**
Cash and bank balances (note 15)		
Entity under common control		
Banks controlled by the Government of Abu Dhabi	573,387	1,028,053
Investment in joint ventures (note 9)	**612,241**	**455,493**
Impairment loss on financial assets and unbilled lease receivable (note 12)	**32,382**	**42,263**
Due to related parties (note 23)		
Parent Company		
Abu Dhabi Developmental Holding	646	323
Joint venture		
Abu Dhabi Terminals Company LLC	9,228	7,876
Entities under common control		
Department of Finance – Abu Dhabi	98,314	98,314
Abu Dhabi National Oil Company	30,551	29,540
Abu Dhabi Retirement Pensions & Benefits Fund	7,674	3,019
Other entities controlled by the Government of Abu Dhabi	81,254	94,856
	217,793	**225,729**
	227,667	**233,928**

29 Related party balances and transactions continued

	2022 AED'000	2021 AED'000
Retention payable (note 23)		
Entity under common control		
National Marine Dredging Company	–	65,469
Payable to the project companies (note 20)		
Joint venture		
ZonesCorp Infrastructure Fund	2,418,446	2,424,072
Deferred government grants (note 18)		
Ultimate controlling undertaking		
Government of Abu Dhabi	6,648,395	6,064,640
Parent Company		
Abu Dhabi Developmental Holding	193,216	338,072
	6,841,611	**6,402,712**
Borrowings (note 22)		
Entities under common control		
First Abu Dhabi Bank	**279,140**	**229,226**
Accrued expenses, customers deposits and advances and other payables (note 23)		
Entities under common control		
Abu Dhabi National Oil Company	22,745	10,170
Other entities controlled by the Government of Abu Dhabi	10,409	8,841
	33,154	**19,011**
Owner's contribution		
Parent Company		
Abu Dhabi Developmental Holding	**4,467,655**	**2,069,710**

Significant transactions with related parties are as follows:

	2022 AED'000	2021 AED'000
Revenue (note 23)		
Parent Company		
Abu Dhabi Developmental Holding	14,976	301,264
Joint venture		
Abu Dhabi Terminals Company LLC	169,208	171,018
Entities under common control		
Abu Dhabi Police	329,575	–
Abu Dhabi Polymers Co. Ltd (Borouge)	76,108	359,591
National Marine Dredging Company	–	250,998
Emirates Steel Industries Co. PJSC	188,633	169,295
Abu Dhabi National Oil Company	322,800	91,648
Rafed Healthcare Supplies LLC	7,508	44,910
Department of Municipalities and Transport	143,626	34,898
Silal Food and Technology LLC	5,817	21,723
Department of Finance – Abu Dhabi	1,416	12,405
General Headquarter Armed Forces	1,186	9,085
Other entities controlled by the Government of Abu Dhabi	104,506	91,089
	1,181,175	**1,085,642**
	1,365,359	**1,557,924**

	2022 AED'000	2021 AED'000
Capital work-in-progress transferred to government grants (note 18)		
Entity under common control		
Entity controlled by the Government of Abu Dhabi	–	20,998
Transactions with joint ventures (note 9)		
Investments made during the year	–	21,190
Share of profit for the year	127,929	29,248
Share of other comprehensive income for the year	55,885	37,136
Dividend received	27,066	60,811
Expected credit loss allowance on trade and other receivables for entities under common control (note 12)		
Write off during the year	99	71,510
Capital contributions received		
Parent Company		
Abu Dhabi Developmental Holding	2,397,945	2,036,367
Government grants related transactions (note 18)		
Grant received during the year	821,942	94,941
Amount recognised during the year	383,042	131,919
Transfers to a related party	–	20,998

	2022 AED'000	2021 AED'000
Project payable related transactions with a joint venture- ZonesCorp Infrastructure Fund (note 20)		
Finance cost during the year	248,307	250,174
Payments made during the year	253,933	255,149
Bank borrowing related transactions with bank controlled by the Government of Abu Dhabi (note 22)		
Loan drawdown during the year	279,140	520,168
Repayments during the year	1,146,132	5,504,709
Finance costs during the year	23,818	39,421
Advance payment made to a joint venture		
Abu Dhabi Terminals Company LLC	48,600	76,000
Settlement of loan given to a related party		
Abu Dhabi Developmental Holding	–	700,000
Key management compensation		
Short term employee benefits	52,509	42,629
Long term employee benefits	1,085	1,506
	53,594	44,135
Staff loans and advances provided to key management personnel	946	1,482

Owner's contribution

Owner's contribution comprised of the following:

i) Cash flows provided by the immediate parent to finance the Group's expansion and working capital requirements; and
ii) Transfer of certain assets by the immediate parent to the Company.

These contributions are provided without any obligation for the Company to deliver cash or other financial assets or deliver its own equity instruments of the Company.

30 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earning per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Company is given below.

	2022	2021
Earnings (AED'000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Group)	1,248,342	845,694
Weighted average number of share ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	4,959,863	3,840,000
Basic and diluted earnings per share attributable to owners of the Group in AED	**0.25**	**0.22**

During the year, the equity shares of the Company were split/sub-divided such that each equity share having face value of AED 10/- fully paid-up, was sub-divided into ten (10) equity shares having face value of AED 1/- each, fully paid-up with effect from January 2022. The Earnings Per Share (EPS) figures of the current year and comparative year presented above have been restated retrospectively to give effect of the share split.

31 Segment information

Information reported to the Group's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets.

Operating segments

For management purposes, the Group is currently organised into six major operating segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- **Ports**, which owns or operates ports and terminals in the region. Ports cluster mainly derives its revenue from general cargo operations, container terminal concessions and port infrastructure leases.
- **Economic Cities & Free Zones (EC&FZ)**, which principally operates KEZAD and other industrial cities following the integration of ZonesCorp in 2020. Economic Cities & Free Zones mainly derives its revenue from lease of land, warehouses, and other utility services.
- **Logistics**, which provides a range of logistical services, such as transportation, warehouse, freight forwarding, supply chain services and cargo handling services along with other value added services. Logistics mainly derives its revenue from warehouse management, freight forwarding and cargo services.
- **Maritime**, which provides a range of marine services, including feedering, as well as transshipment and offshore support services within and outside UAE. Maritime mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering, underwater surveys and other general marine services. Maritime also operate international container shipping lines from Egypt that primarily operates in the Middle East, the Red sea regions.
- **Digital**, which provides digital services to external customers through Maqta Gateway as well as services to the Group's other segments. Digital mainly derives its revenue from digitalisation of transactional services, software development and other support services.
- **Corporate**, responsible for managing investments held by the Group, development of infrastructure assets for other segments, management of administrative activities for the segments and general coordination of the Group's activities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on adjusted EBITDA. Adjusted EBITDA is calculated by adjusting net profit for the period from continuing operations by excluding the impact of taxation, net finance costs, depreciation, amortisation, revenue from government grant amortisation and impairment related to goodwill, intangible assets, property and plant and equipment and investment properties. The Group's management reporting process allocates intra-Group profit on a product sale to the market in which that sale is recorded.

	Ports AED'000	EC&FZ AED'000	Logistics AED'000	Maritime AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
31 December 2022								
External revenue	1,081,914	1,646,249	518,268	2,138,242	113,163	–	–	**5,497,836**
Inter segment revenue	53,450	11,433	13,375	2,324	287,019	264	(367,865)	**–**
Total revenue	**1,135,364**	**1,657,682**	**531,643**	**2,140,566**	**400,182**	**264**	**(367,865)**	**5,497,836**
Direct costs	(394,783)	(449,625)	(465,063)	(1,515,350)	(67,688)	(187,528)	214,628	**(2,865,409)**
Gross profit/(loss)*	**740,581**	**1,208,057**	**66,580**	**625,216**	**332,494**	**(187,264)**	**(153,237)**	**2,632,427**
General and administrative expenses	(260,660)	(109,138)	(44,948)	(195,919)	(122,427)	(323,359)	71,935	**(984,516)**
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivables	(3,105)	(121,264)	2,267	(18,111)	(2,554)	454	–	**(142,313)**
Selling and marketing expenses	(5,467)	(18,319)	(1,688)	(7,489)	(823)	(49,189)	–	**(82,975)**
Share of profit from joint ventures	–	123,011	–	4,918	–	–	–	**127,929**
Share of profit from associate	–	–	36,913	–	–	–	–	**36,913**
(Impairment and write off)/reversal of impairment on investment properties	–	(4,553)	–	–	–	–	–	**(4,553)**
Finance income	951	308	(1,455)	366	–	14,946	–	**15,116**
Finance costs	(30,160)	(265,734)	(3,332)	(7,074)	(1)	(90,370)	2,563	**(394,108)**
Gain on disposal of assets held for sale	–	–	73,000	–	–	–	–	**73,000**
Other income, net	1,895	55	951	6,546	(0)	60	–	**9,507**
Income tax expense on foreign operations	(220)	–	–	(1,794)	–	–	–	**(2,014)**
Net profit/(loss) for the year	**443,815**	**812,423**	**128,288**	**406,659**	**206,689**	**(634,722)**	**(78,739)**	**1,284,413**
Adjustment for:								
Finance costs	30,160	265,734	3,332	7,075	1	90,371	(2,565)	**394,108**
Finance income	(951)	(308)	1,455	(366)	–	(14,946)	–	**(15,116)**
Depreciation of property, plant and equipment, investment properties	274,118	231,070	43,813	190,724	11,122	38,206	–	**789,053**
Amortisation of right-of-use assets and intangible assets	14,786	20,357	10,782	54,063	–	–	(880)	**99,108**
Government grants amortisation	(123,596)	(247,296)	–	(12,150)	–	–	–	**(383,042)**
(Impairment and write off)/reversal of impairment on investment properties	–	4,553	–	–	–	–	–	**4,553**
Income tax expense on foreign operations	220	–	–	1,794	–	–	–	**2,014**
Adjusted EBITDA	**638,552**	**1,086,533**	**187,670**	**647,799**	**217,812**	**(521,091)**	**(82,184)**	**2,175,091**

* Gross profit/(loss) is not segment performance and inter-segment sales are charged at prevailing market prices.

31 Segment information continued

	Ports AED'000	EC&FZ AED'000	Logistics AED'000	Maritime AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
31 December 2021								
External revenue	1,027,941	1,551,296	588,371	605,111	136,944	–	–	**3,909,663**
Intersegment revenue	34,867	17,057	18,267	1,569	222,773	–	(294,533)	**–**
Total revenue	1,062,808	1,568,353	606,638	606,680	359,717	–	(294,533)	**3,909,663**
Direct costs	(438,849)	(664,801)	(438,120)	(426,609)	(81,906)	(176,425)	216,038	**(2,010,672)**
Gross profit/(loss)	**623,959**	**903,552**	**168,518**	**180,071**	**277,811**	**(176,425)**	**(78,495)**	**1,898,991**
General and administrative expenses	(164,521)	(54,880)	(26,656)	(80,124)	(88,543)	(268,283)	210	**(682,797)**
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivable	19,920	(15,441)	(682)	1,330	(25,635)	–	–	**(20,508)**
Selling and marketing expenses	(53)	(3,921)	(6,967)	(3,206)	(627)	(51,283)	–	**(66,057)**
Share of profit/(loss) from joint ventures	(17,850)	87,704	–	(40,606)	–	–	–	**29,248**
Reversal of impairment of investment properties	–	25,813	–	–	–	–	–	**25,813**
Finance costs	(27,402)	(268,358)	(3,332)	(48)	(2)	(45,495)	2,793	**(341,844)**
Finance income	–	51	1,263	15	–	(702)	–	**627**
Other income, net	(7,168)	43	1,463	15,507	–	26	–	**9,871**
Profit/(loss) for the year	**426,885**	**674,563**	**133,607**	**72,939**	**163,004**	**(542,162)**	**(75,492)**	**853,344**
Adjustment for:								
Finance costs	27,402	268,358	3,332	48	2	45,495	(2,793)	**341,844**
Finance income	–	(51)	(1,263)	(15)	–	702	–	**(627)**
Depreciation of property, plant and equipment, investment properties	208,016	164,916	42,921	51,704	8,668	26,823	(954)	**502,094**
Amortisation of right-of-use assets and intangible assets	13,814	20,400	9,785	–	–	–	–	**43,999**
Government grants amortisation	(107,324)	(20,755)	–	(3,840)	–	–	–	**(131,919)**
Impairment of non-financial assets	17,850	–	–	–	–	–	–	**17,850**
Reversal of impairment of investment properties	–	(25,813)	–	–	–	–	–	**(25,813)**
Adjusted EBITDA	**586,643**	**1,081,618**	**188,382**	**120,836**	**171,674**	**(469,142)**	**(79,239)**	**1,600,772**

Gross profit/(loss) is not segment performance and intersegment sales are charged at prevailing market prices.

The segment assets and liabilities and capital expenditures are as follows:

	Ports AED'000	EC&FZ AED'000	Logistics AED'000	Maritime AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
31 December 2022								
Total assets	25,767,734	13,377,006	4,405,348	11,261,583	1,749,354	39,158,850	(57,207,884)	**38,511,991**
Total liabilities	24,315,459	10,374,429	4,099,515	9,327,521	1,493,793	26,320,667	(57,054,526)	**18,872,920**
Capital expenditures	–	–	–	–	–	5,291,829	–	**5,291,829**
31 December 2021								
Total assets	12,542,051	6,883,366	1,036,794	1,716,190	261,877	12,807,989	(7,099,759)	**28,148,508**
Total liabilities	11,263,311	4,513,383	699,080	1,210,613	36,357	6,759,394	(7,024,578)	**17,457,560**
Capital expenditures	–	–	–	–	–	2,923,899	–	**2,923,899**

Capital expenditures

Capital expenditure is incurred by the corporate on behalf of other segments and assets are transferred to the segments upon completion.

Geographical information

The Group is principally operating in two geographical segments, i.e., United Arab Emirates and Egypt:

	2022 AED'000	2021 AED'000
Revenue (note 24)		
United Arab Emirates	5,363,965	3,909,663
Egypt	133,871	–
Total revenue	**5,497,836**	**3,909,663**
Assets		
United Arab Emirates	37,565,159	28,148,508
Egypt	946,832	–
Total assets	**38,511,991**	**28,148,508**
Liabilities		
United Arab Emirates	18,584,852	17,457,560
Egypt	292,006	–
Total liabilities	**18,876,858**	**17,457,560**

Revenues from major products and services

The Groups revenues from its major services are disclosed in note 24.

Information about major customers

Included in revenues arising from EC&FZ (2021: Logistics) segment was approximately AED 330 million (2021: AED 335 million) from sales to the Group's largest customer. No other single customer contributed 10% or more of the Group's revenue in either 2022 or 2021.

32 Contingent liabilities and commitments

Contingent liabilities

	2022 AED '000	2021 AED '000
Bank guarantees	157,802	89,805
Financial guarantees	**367,500**	**508,793**

The Group's policy is to provide financial guarantees for subsidiaries and joint ventures' liabilities. The Group has the following guarantees in effect as at the reporting date.

i) The Group has issued guarantee in 2019 to Abu Dhabi Commercial Bank PJSC in respect of credit facility granted to its joint venture ADT, equal to 50% of the principal amount of the facility then outstanding, such aggregate amount shall not exceed AED 367.5 million, which is the maximum amount the Group is exposed to.

ii) The Group issued guarantee in 2019 to Société Générale in respect of credit facility granted to its joint venture K Shipping Investments Ltd, equal to 50% of the principal amount of the facility then outstanding, such aggregate amount not to be exceeding USD 38.4 million, which is the maximum amount the Group was exposed to. Société Générale released the Group from the guarantee related obligations on 5 July 2022.

32 Contingent liabilities and commitments continued

Commitments

	2022 AED'000	2021 AED'000
Commitments for fixed assets	1,467,320	1,093,449
Commitments for investments	**5,400,000**	**215,322**

i) On 3 November 2022, the Group announced that it has signed an agreement to acquire 80% of ownership in Global Feeder Shipping (GFS), a global container shipping company. Purchase consideration for this acquisition will be AED 2,900 million subject to fulfilment of conditions precedent in the agreement. GFS has built one of the largest fleets of container ships globally, featuring 26 owned and operated vessels with a total capacity of 72,500 TEUs, covering the Middle East, Indian Subcontinent and Southeast Asia regions. Upon completion, the acquisition will be accounted for as a business combination as per the requirements of IFRS 3 as the Group will assume control over the investee.

ii) On 18 November 2022, the Group announced that it has signed an agreement to acquire 100% of ownership in Noatum Propels, a global integrated logistics platform. Purchase consideration for this will be AED 2,500 million subject to fulfilment of conditions precedent in the agreement. Noatum is a global integrated logistics player with presence in 26 countries and operates in three business areas – Logistics, Maritime, and Port Terminals with market-leading positions in Spain and Turkey and a significant presence in the US, UK, China, and Southeast Asia. Upon completion, the acquisition will be accounted for as a business combination as per the requirements of IFRS 3 as the Group will assume control over the investee.

Operating lease arrangements

The Group as lessor

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between one to five years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 10 years. The Group did not identify any indications that this situation will change.

33 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Categories of financial instruments

	Financial assets		Financial liabilities		Hierarchy levels			
	FVTOCI AED	Amortised cost AED	Amortised cost AED	Total AED	1 AED	2 AED	3 AED	Total AED
31 December 2022								
Cash and bank balances	–	790,822	–	790,822	–	–	–	–
Trade and other receivables	–	5,006,809	–	5,006,809	–	–	–	–
Investment in FVOCI	2,078,388	–	–	2,078,388	2,019,600	–	58,788	2,078,388
Bank borrowings	–	–	1,476,493	1,476,493	–	–	–	–
Bond payable	–	–	3,589,954	3,589,954	–	–	–	–
Trade and other payables	–	–	2,416,317	2,416,317	–	–	–	–
Payable to project companies	–	–	2,418,446	2,418,446	–	–	–	–
Total	**2,078,388**	**5,797,631**	**9,901,210**		**2,019,600**	**–**	**58,788**	**–**
31 December 2021								
Cash and bank balances	–	1,051,274	–	1,051,274	–	–	–	–
Trade and other receivables	–	3,649,336	–	3,649,336	–	–	–	–
Investment in FVOCI	58,788	–	–	58,788	–	–	58,788	58,788
Bank borrowings	–	–	1,146,132	1,146,132	–	–	–	–
Bond payable	–	–	3,581,021	3,581,021	–		–	–
Trade and other payables	–	–	1,861,871	1,861,871	–	–	–	–
Payable to project companies	–	–	2,424,072	2,424,072	–	–	–	–
Total	**58,788**	**4,700,610**	**9,013,096**				**58,788**	

33 Financial instruments continued

Reconciliation of liabilities arising from financing activities

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes

	At 1 January 2022	Financing cash flows	Non-cash changes (other movements)					At 31 December 2022
	AED'000	AED'000	Amortisation of discounts AED'000	Amount recognised as revenue during the year AED'000	Termination AED'000	Interest charge AED'000	Acquisitions AED'000	AED'000
Bank borrowings	1,146,132	330,361	–	–	–	–	–	1,476,493
Bond payable	3,581,021	–	8,933	–	–	–	–	3,589,954
Deferred government grants	6,402,712	821,942		(383,042)	–	–	–	6,841,612
Payable to the project companies	2,424,072	(253,933)	–	–	–	248,307	–	2,418,446
Lease liabilities	805,269	(64,304)	–	–	(61,295)	40,649	195,008	915,327
Total liabilities from financing activities	**14,359,206**	**834,066**	**8,933**	**(383,042)**	**(61,295)**	**288,956**	**195,008**	**15,241,832**

	At 1 January 2021	Financing cash flows	Non-cash changes (other movements)					At 31 December 2021
	AED'000	AED'000	Amortisation of discounts AED'000	Amount recognised as revenue during the year AED'000	Transfers to a related party AED'000	Interest charge AED'000	Additions AED'000	AED'000
Bank borrowings	4,050,000	(2,903,868)	–	–	–	–	–	1,146,132
Bond payable	–	3,575,165	5,856	–	–	–	–	3,581,021
Deferred government grants	6,460,688	94,941	–	(131,919)	(20,998)	–	–	6,402,712
Payable to the project companies	2,429,047	(255,149)	–	–	–	250,174	–	2,424,072
Lease liabilities	830,449	(66,372)	–	–	–	38,308	2,884	805,269
Total liabilities from financing activities	**13,770,184**	**444,717**	**5,856**	**(131,919)**	**(20,998)**	**288,482**	**2,884**	**14,359,206**

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance (excluding cash flow hedge reserve, assets distribution reserve, merger reserve and owner's contribution).

The capital structure of the Group consists of net debt (borrowings disclosed as in notes 20, 21 and 22 after deducting cash and bank balances) and equity of the Group (comprising share capital, share premium, statutory reserve, retained earnings, and owner's contribution) is measured at AED 17,085 million as at 31 December 2022 (2021: AED 9,438 million).

	2022 AED'000	2021 AED'000
Total debt	**7,484,893**	**7,151,225**
Less: cash and bank balances	**(790,822)**	**(1,051,274)**
Net debt	**6,694,071**	**6,099,951**
Total equity attributable to the owners of the Company (excluding cash flow hedge reserve, assets distribution reserve, investment revaluation reserve, foreign currency revaluation reserve and merger reserve)	**17,084,503**	**9,438,216**
Net debt to adjusted equity ratio	**0.39**	**0.65**

Market risk management

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's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
Foreign currency	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Egyptian Pound	11,472	–	47,984	–
Iraqi Dinar	58,365	–	–	–
Jordanian Dinar	1,932	251,992	–	–
Total	**71,769**	**251,992**	**47,984**	**–**

Foreign currency sensitivity analysis

The Group is mainly exposed to Iraqi Dinar and Egyptian Pound. The following table details the Group's sensitivity to a 10 percent increase and decrease in currency units against the relevant foreign currencies. Ten percent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a ten percent change in foreign currency rates.

A positive number below indicates an increase in profit where currency units strengthens ten percent against the relevant currency. For a ten percent weakening of currency units against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

33 Financial instruments continued

	Egyptian Pound		Iraqi Dinar		Jordanian Dinar	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Profit or loss	1,174	–	5,836	–	193	25
	1,174	**–**	**5,836**	**–**	**193**	**25**

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds and bonds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

At 31 December 2022, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been AED 704 million (2021: AED 432 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such nonrelated counterparties.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up actions are taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade and other receivables including dues from related parties on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the trade receivables balance at the end of the year, AED 104 million (2021: AED 84 million) is due from the Group's largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The tables below detail the credit quality of the Group's financial assets and unbilled lease receivable, as well as the Group's maximum exposure to credit risk:

	Notes	External credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
31 December 2022						
Trade and other receivables (including unbilled receivables, accrued income and due from related parties)	12	N/A	Lifetime ECL	5,800,855	(794,046)	5,006,809
Cash and bank balances	15	A+ B2	12-month ECL	790,822	–	790,822
31 December 2021						
Trade and other receivables (including unbilled receivables, accrued income and due from related parties)	12	N/A	Lifetime ECL	4,383,779	(734,443)	3,649,336
Cash and bank balances	15	A+ Baa	12-month ECL	1,051,274	–	1,051,274

For trade receivables, due from related parties, accrued income and unbilled lease receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 12 include further details on the loss allowance for these assets respectively.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturities of the Group's undiscounted cash flows on financial liabilities as of 31 December 2022 and 2021 based on contractual payment dates and current market interest rates.

	Weighted average effective interest rate	Less than one year AED'000	One to five years AED'000	After five years AED'000	Total AED'000
31 December 2022					
Non-interest-bearing financial liabilities					
Trade and other payables	**–**	**2,316,002**	**100,315**	**–**	**2,416,317**
Interest-bearing financial liabilities					
Payable to the project companies	10.3%	240,115	1,462,058	3,442,107	5,144,280
Bond payable	2.7%	–	–	3,589,954	3,589,954
Bank borrowings	1.5%	1,395,698	76,042	4,753	1,476,493
	–	**1,635,813**	**1,538,100**	**7,036,814**	**10,210,727**
31 December 2021					
Non-interest-bearing financial liabilities					
Trade and other payables	**–**	**1,778,055**	**83,816**	**–**	**1,861,871**
Interest-bearing financial liabilities					
Payable to the project companies	10.3%	267,970	1,429,976	3,747,854	5,445,800
Bond payable	2.7%	–	–	3,581,021	3,581,021
Bank borrowings	1.2%	1,146,132	–	–	1,146,132
	–	**1,414,102**	**1,429,976**	**7,328,875**	**10,172,953**

33 Financial instruments continued

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function and all lease obligations are denominated in AED.

The Group is using combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

The table below presents the cash inflows from financial assets:

	Less than one year AED'000	One to five years AED'000	After five years AED'000	Total AED'000
31 December 2022				
Financial asset at fair value through other comprehensive income	–	–	2,078,388	2,078,388
Trade and other receivables	2,893,080	–	2,113,729	5,006,809
Cash and bank balances	790,822	–	–	790,822
	3,683,902	**–**	**4,192,117**	**7,876,019**
31 December 2021				
Financial asset at fair value through other comprehensive income	–	–	58,788	58,788
Trade and other receivables	1,870,356	–	1,778,980	3,649,336
Cash and bank balances	1,051,274	–	–	1,051,274
	2,921,630	**–**	**1,837,768**	**4,759,398**

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3** – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair value of financial asset at fair value through other comprehensive income is determined.

	Fair value AED'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Financial asset at fair value through other comprehensive income (note 11)	58,788	Level 3	Dividend Discount Method has been used for valuing the present of future dividends to assess the value of investment	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2% to 22% per cent	The higher the revenue growth rate, the higher the fair value.
				Long-term EBIDA margin, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 26% to 27% per cent	The higher the pre-tax operating margin, the higher the fair value.
				Weighted average cost of capital, determined using 5.6% which is based on the mix of Equity/Debt.	The higher the weighted average cost of capital, the lower the fair value.
Financial asset at fair value through other comprehensive income (note 11)	2,019,600	Level 1	Quoted bid prices in an active market.	N/A	N/A

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. Also, there is no movement in fair value of investments categorised within Level 3 during the year ended 31 December 2022 and 2021.

There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in current year or in prior year.

34 Business combinations

Divetech Marine Engineering Services LLC

During December 2021, the Group (the "Buyer") entered into a sale and purchase agreement with Innovation Management Services FZC (the "Seller") to acquire 100% ownership of Divetech Marine Engineering Services LLC ("Divetech") for a total consideration of AED 188.5 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction was completed on 28 February 2022 at which the Group obtained control of the entity.

Divetech Marine Engineering Services LLC is a UAE-based limited liability company that is a topside-subsea solutions provider that offers a range of services including installation, inspection, repair and maintenance for ports and other maritime organisations. The business acquired qualifies as a business combination under IFRS 3.

Acquisition will complement Group's existing capabilities and allow the Group to further pursue opportunities in the Oil and Gas market. Post-acquisition, Group's expanded capabilities would have the potential to dominate the diving, marine, and rope access market in the region and generate commercial, operational and financial synergies.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The consolidated financial statements include the results of Divetech for the ten-month period from the acquisition date.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	903
Trade and other receivables	81,332
Property, plant and equipment	6,647
Intangible assets	90,400
Total assets	**179,282**
Liabilities	
Trade and other payables	15,764
Employees' end of service benefits	1,095
Total liabilities	**16,859**
Total identifiable net assets at fair value	162,423
Add: goodwill	26,100
Total purchase consideration	**188,523**

The goodwill of AED 26.1 million arising from the acquisition consists of qualified and trained work force, established processes etc. that do not qualify for separate recognition.

Intangible assets include customer relationship, backlogs, brand name, non-compete contracts and licenses acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using multi-period excess earning method, Relief from Royalty Method, With and Without Method.

Acquisition related costs amounted to AED 0.8 million were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Divetech contributed revenue of AED 89.1 million and net loss of AED 9.2 million towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 19.3 million and net profit would have been higher by AED 3.7 million.

Analysis of cash flow on acquisition:

	AED'000
Cash paid for the acquisition	(188,523)
Net cash acquired on business combination	903
Net cash outflows on acquisition (included in cash flows from investing activities)	(187,620)
Net cash outflow on acquisition	**(187,620)**

Alligator Shipping Container Line LLC

The Group (the "Buyer") entered into a sale and purchase agreement with two individuals (the "Sellers") to acquire 100% ownership of Alligator Shipping Container Line LLC ("ASCL") for a total consideration of AED 34.9 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction was completed on 28 February 2022 on which the Group obtained control of the entity.

Alligator Shipping Container Line LLC is a UAE-based limited liability company engaged in global shipping and logistics service provider. The business acquired qualifies as a business combination under IFRS 3.

The Group acquired ASCL to expand container value chain as core part of the strategy to drive trade and support to convert Khalifa Port as transshipment hub for the region. The acquisition of NVOCC business is expected to enable direct sales of logistics services to strengthen client relationships and enable cross-selling on to its own ships for the Group.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The consolidated financial statements include the results of ASCL for the ten-month period from the acquisition date.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	73
Trade and other receivables	12,635
Property, plant and equipment	16,312
Intangible assets	11,000
Total assets	**40,020**
Liabilities	
Trade and other payables	15,903
Total identifiable net assets at fair value	24,117
Add: goodwill	10,826
Total purchase consideration	**34,943**

Purchase consideration comprised as follows:

	AED'000
Cash consideration paid	29,643
Contingent and deferred consideration arrangements	5,300
Total consideration	**34,943**

The goodwill of AED 10.8 million arising from the acquisition consists of assembled workforce, processes that do not qualify for separate recognition under IAS 38.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

34 Business combinations continued

Intangible assets include trademark and non-compete contracts acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using relief from royalty method and with and without method.

The contingent consideration arrangement requires actual EBITDA in a financial year to exceed the targeted EBITDA for financial year FY22 and FY23. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between nil and AED 13.0 million. The fair value of the contingent consideration arrangement of AED 5.3 million was estimated by discounting the EBITDA projected in the business for FY22 and FY23 by 6.9%.

Acquisition related costs amounted to AED 0.6 million were expensed during the year and are included in general and administrative expenses. From the date of acquisition, ASCL contributed revenue of AED 207.6 million and net profit of AED 13.9 million towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 20.0 million and net profit would have been higher by AED 2.5 million.

Analysis of cash flow on acquisition:

	AED'000
Cash paid for the acquisition	(29,643)
Net cash acquired on business combination	73
Net cash outflows on acquisition (included in cash flows from investing activities)	(29,570)
Net cash outflow on acquisition	**(29,570)**

International Associated Cargo Carrier B.V:

During July 2022, the Group (the "Buyer") entered into a sale and purchase agreement with Leocorp B.V (the "Seller") to acquire 70% ownership of International Associated Cargo Carrier B.V. ("IACC") for a total consideration of AED 483 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction were completed on 12 September 2022 on which the Group obtained control of the entity.

International Associated Cargo Carrier B.V. is a private limited liability company duly established and existing under the laws of the Netherlands having operations in Egypt. The company wholly owns Transmar, a leading regional container line and Transcargo International (TCI) specialized in stevedoring, warehousing and port services. The business acquired qualifies as a business combination under IFRS 3.

This acquisition will support Group's wider growth targets for North Africa and the Gulf region and broaden the portfolio of services to offer in those markets.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The consolidated financial statements include the results of IACC for the four-month period from the month of September 2022. For the non-controlling interests in IACC, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired assets and liabilities.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	81,739
Inventory	1,540
Prepayments	8,320
Trade and other receivables	57,502
Property, plant and equipment	69,653
Intangibles	180,015
Right-of-use asset	291,634
Total assets	**690,403**
Liabilities	
Trade and other payables	34,569
Lease liabilities	195,146
Total liabilities	**229,715**
Total identifiable net assets at fair value	460,688
Add: goodwill	160,492
Less: non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	(138,206)
Total: purchase consideration	**482,974**

The goodwill of AED 160.5 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Acquisition-related costs amounted to AED 1.2 million were expensed during the period and are included in general and administrative expenses. From the date of acquisition, IACC contributed revenue of AED 133.9 million and net profit of AED 34.5 million towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 318 million and net profit would have been higher by AED 122 million.

Analysis of cash flow on acquisition:

	AED'000
Cash paid for the acquisition	(482,974)
Net cash acquired on business combination	81,739
Net cash outflows on acquisition (included in cash flows from investing activities)	(401,235)
Net cash outflow on acquisition	**(401,235)**

Safeen Diving and Subsea Services LLC:

During June 2022, the Group entered into a shareholders agreement with National Marine Dredging Company (NMDC) relating to establishing a new subsidiary company under the name Safeen Diving and Subsea Services LLC (Subsea). The Group holds 51% shares in Subsea and consolidate the financial results of the entity as the Group exercises control over the subsidiary. The conditions specified in the agreement were satisfied on 30 June 2022 on which the Group obtained control of the entity.

Safeen Diving and Subsea Services LLC (Subsea) has been incorporated for deep sea diving and underwater survey activities. The consolidated financial statements include the results of Subsea for the period from July to December 2022.

For the non-controlling interests in Safeen Subsea, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired assets and liabilities.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

34 Business combinations continued

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	136,575
Intangibles	204,614
Total assets	**341,189**
Liabilities	
End of service benefit	8,447
Other payables	105
Total liabilities	**8,552**
Total identifiable net assets at fair value	332,637
Add: goodwill	92,572
Less: non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	(162,992)
Total purchase consideration	**262,217**

The goodwill of AED 92.6 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Acquisition related costs amounted to AED 0.1 million were expensed during the period and are included in general and administrative expenses. From the date of acquisition, Safeen Subsea contributed revenue of AED 258 million and net profit of AED 14.8 million towards the operations of the Group.

35 Property held for sale

During December 2021, the Group entered into a sale and purchase agreement with a related party (the "Buyer"), per which one of the Group's warehouse property to be sold to the related party at an agreed price. Neither the sales conditions as specified in the sale and purchase agreement were satisfied, nor the rights and obligations attached to the property was transferred to the buyer as of the reporting date and accordingly, the sale was not recognised for the year ended 31 December 2021. However, the property attached to this sale was recognised as an asset held for sale as of 31 December 2021. Based on the assessment performed, management concluded that the carrying value of the property as of the reporting date was lower than the net realisable value from the sale. During the year, the sales conditions as specified in the sale and purchase agreement were satisfied and rights and obligations attached to the property were transferred to the buyer. Hence, consideration for the sale were realised and gain was recorded in the books of the Group.

36 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	OFCO Offshore Support and Logistics services LLC		Auto Terminal Khalifa Port LLC		International Associated Cargo Carrier B.V.	Safeen Diving and Subsea Services LLC	Total	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2022 AED'000	2022 AED'000	2021 AED'000
Current assets	230,307	85,440	23,281	16,428	54,318	165,531	473,437	101,868
Non-current assets	76,165	77,358	2,307	2,654	704,271	402,164	1,184,907	80,012
Current liabilities	(188,622)	(66,108)	(11,310)	7,924	(56,188)	(211,334)	(467,454)	74,032
Non-current liabilities	(3,322)	(130)	(676)	480	(188,594)	(8,449)	(201,041)	610
Net assets	**114,528**	**96,560**	**13,602**	**10,678**	**513,807**	**347,912**	**989,849**	**107,238**
Equity attributable to owners of the Company	**58,409**	**49,247**	**6,937**	**5,446**	**359,665**	**177,435**	**602,446**	**54,693**
Non-controlling interests	**56,119**	**47,313**	**6,665**	**5,232**	**154,142**	**170,477**	**387,403**	**52,546**
Revenue	282,212	111,764	50,750	18,448	154,069	257,940	744,971	130,212
Expenses	(263,960)	(98,181)	(43,709)	(16,419)	(99,346)	(243,124)	(650,139)	(114,600)
Profit for the year	18,252	13,583	7,041	2,029	54,723	14,816	94,832	15,612
Profit attributable to owners of the Company	9,308	6,927	3,591	1,035	38,306	7,556	58,761	7,962
Profit attributable to the non-controlling interests	8,944	6,656	3,450	994	16,417	7,260	36,071	7,650

	Total AED'000
At 1 January 2021	36,976
Share of profit for the year	7,650
Payment of dividends	(1,077)
Non-controlling interests arising on the contributions	8,997
At 1 January 2022	52,546
Share of profit for the year	36,071
Share from other comprehensive income	(171)
Payment of dividends	(2,241)
Non-controlling interests arising on the acquisitions (note 34)	301,198
At 31 December 2022	**387,403**

37 Events after the reporting period

i) On 9 January 2023, EGA terminated the transshipment business contract with LDPL JV with the intention of handling these transshipment operations in house. Subsequently, the LDPL JV has entered into an agreement with EGA to sell the assets and is in the process of liquidating the entities. The proceeds of the sale of assets will be used to settle the outstanding loans and the remaining amounts will be distributed to the shareholders.

38 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on [•]

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