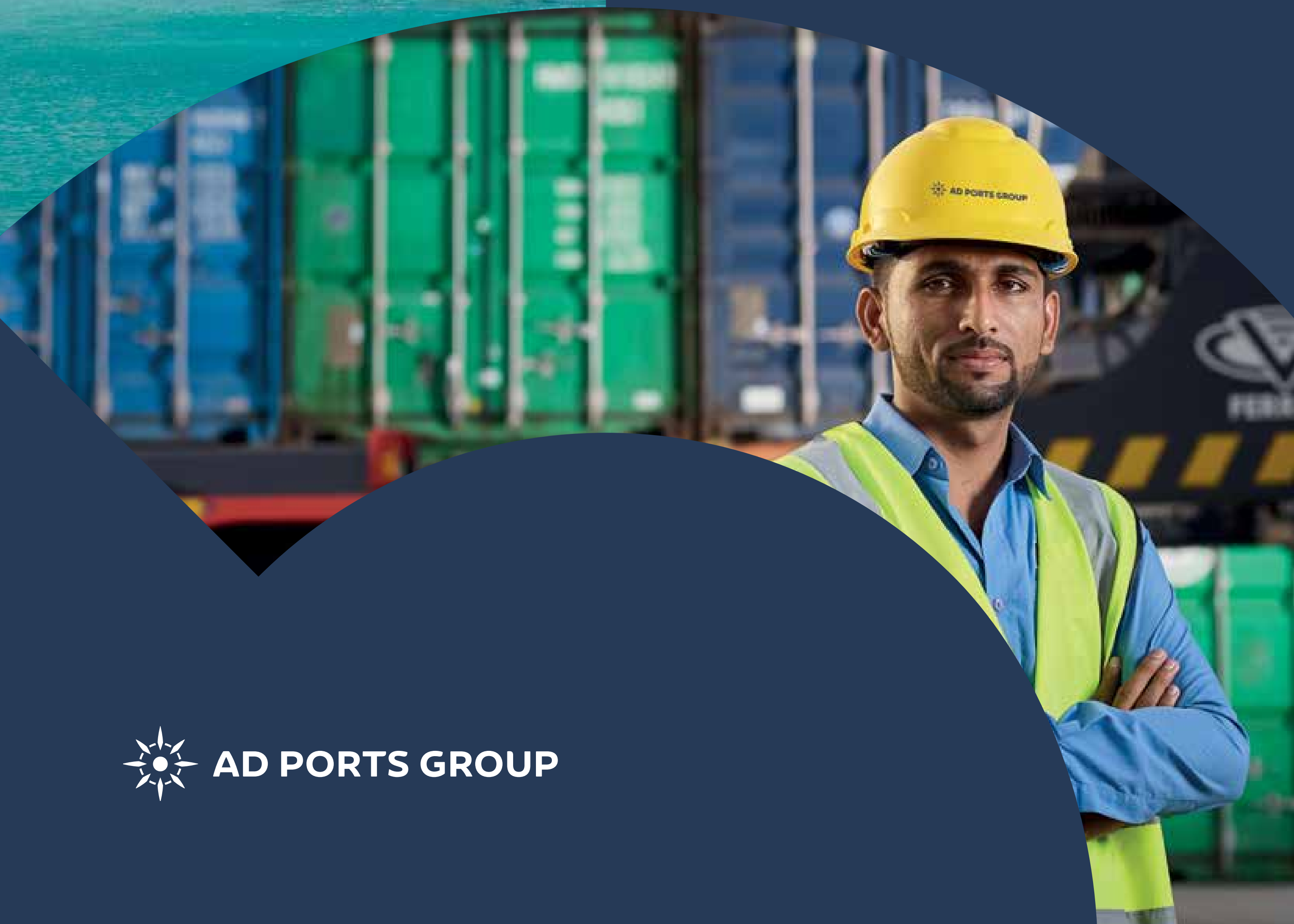
RESILIENT RETURNS

ANNUAL
REPORT
2021



AD PORTS GROUP

OUR VISION

Driving global trade through an integrated portfolio of world-class ports, industrial zone and logistics supply chains.

OUR MISSION

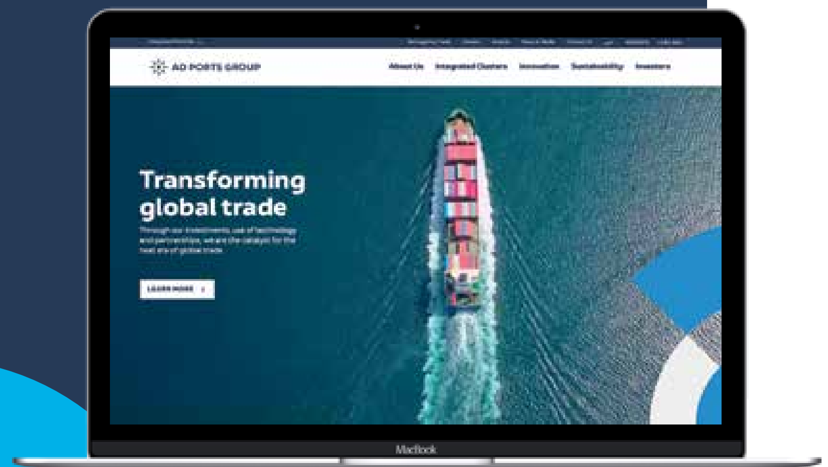
To position Abu Dhabi as a frontier of global trade, by managing world-class global logistic value chains, driving operational excellence by leveraging digital technologies, meeting stakeholders' dynamic needs, forging relationships, and maximising shareholder value.

OUR VALUES

- **Ready to respond**
- **Eager to collaborate**
- **Safe, secure & sustainable**
- **Innovative for excellence**
- **Fair & committed**

ABOUT AD PORTS GROUP

AD Ports Group is one of the GCC's leading trade enabling and logistics companies. As a strategic gateway to Abu Dhabi, the economic engine of the UAE, the Group operates an integrated ecosystem of economic cities and free zones, ports, logistics, maritime and digital services.



IN THIS REPORT

Discover more online at
adportsgroup.com/en

AT A GLANCE

AD Ports Group is a vertically integrated trade enabler, providing strategic access to the United Arab Emirates ('UAE'), one of the Middle East's fastest-growing economies. The company's five business clusters – Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital – make up a resilient trade community bonded by strong partnerships which generate stable performance and consistent growth.

Our 5 Clusters

ECONOMIC CITIES & FREE ZONES
Our Economic Cities & Free Zones Cluster serves over 1,500 customers, providing a hub for manufacturing, logistics and trade.
PAGE 18

PORTS
Our Ports Cluster owns and operates 10 technologically advanced ports and terminals in the region.
PAGE 22

LOGISTICS
Our Logistics Cluster provides end-to-end supply chain and freight solutions to local and international clientele.
PAGE 26

MARITIME
Our Maritime Cluster provides quayside services, delivers world-class maritime education & training courses and governs & regulates Abu Dhabi's maritime sector.
PAGE 30

DIGITAL
Our Digital Cluster provides advanced, smart and innovative digital solutions to stakeholders within trade and logistics communities.
PAGE 34

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, the GCC's fastest-growing economy**
- **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 at sea**
- **Lloyd's List: 2020 ranking of Khalifa Port as fastest growing among Top 100 ports**

Financial Highlights 2021

Revenue (AED)
3.910 Bn +14%

Net Profit (AED)
853 Mn +115%

Earnings per Share (AED)
0.22 +120%

Adjusted EBITDA (AED)
1.601 Bn +4%

Cash Flow from Operations (AED)
787 Mn +87%

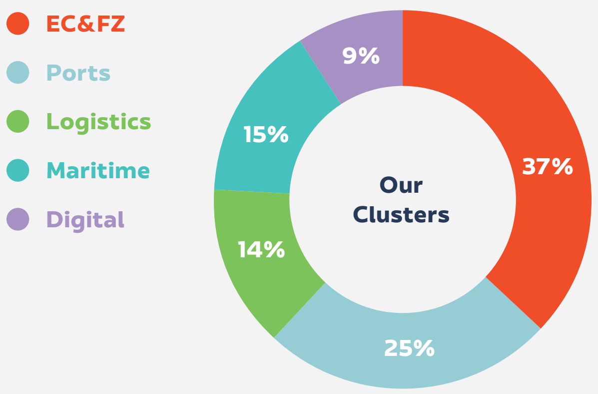
Adjusted ROCE
4.9%

Total Assets (AED)
28.149 Bn +14%

Debt to Equity
0.4 times

Net Debt / Adjusted EBITDA
2.3 times

Revenue Composition by Cluster (%)



Key Figures

+550 km²
More than 550 km² of land for industrial development

197
Number of vessels including the UAE's biggest flagged cargo ship, the HAFEET

1,500+
Number of investors in economic cities and free zones

10
Number of ports in the UAE

21%
A major driver of Abu Dhabi's economic diversification
(21% of non-oil GDP in 2020)

75.44%
Stable ownership structure
(75.44% held by Abu Dhabi state holding company ADQ)

YEAR IN REVIEW+

2021

Q1

- Offshore logistics services company OFCO wins major contract to repair and maintain ADNOC's 5,500 km undersea pipeline network
- Ramp-up of COVID-19 vaccine distribution effort begins with HOPE Consortium. AD Ports Group commissions a 19,000 m² cold storage facility that enabled delivery of more than 210 million doses around the world by the end of 2021
- HOPE Consortium uses Maqta Gateway's "mUnity", a proprietary custom-built digital system based on blockchain technology, to track and trace COVID-19 vaccines from sourcing, storage, shipment and delivery to final administration

Q2

- AD Ports Group's debut USD 1 billion 10-year bond sale lists in London and Abu Dhabi. The bonds are rated A+ by Fitch and S&P Global and receive the lowest coupon rate of any UAE government related issuer ever at the time of issuance
- Major land lease deal is signed with UAE firm Helios to make green ammonia and green hydrogen from AED 3.67 billion facility to be built in KIZAD powered by an 800 MW solar energy plant
- The AED 500 million expanded container terminal at Fujairah Ports is put into commission, giving AD Ports Group more capacity to leverage East-West global trade on the Indian Ocean
- AD Ports Group's Maritime Cluster signs deal for transshipments of up to 5 million tonnes of steel per year for Emirates Steel

Q3

- Economic Cities & Free Zones Cluster (EC&FZ) announces preparation of 1.38 million m² of commercial and retail areas at Rahayel Automotive and Mobility City
- EC&FZ announces enhancement of gas network across 50 km² in Industrial City of Abu Dhabi
- 35-year concession signed with France's CMA CGM for an additional container terminal at Khalifa Port. AD Ports Group now to partner with 3 of the world's 4 largest container shipping lines

Q4

- AD Ports Group signs AED 348 million deal with Australia's Lepidico to build Middle East's first lithium battery production facility at KIZAD to power the electric car revolution in the GCC
- Deal is signed with China's Shandong Holdings Group to build a 150,000 m² tyre storage and distribution centre at KIZAD, the first in the GCC
- Major deals are signed with Aqaba Development Corporation to develop and improve tourism, logistics, transport and digital infrastructure in Jordan, expanding the Group into the Red Sea
- AD Ports Group's Economic Cities & Free Zones Cluster amasses 3 million m² of land leases with new clients during 2021, equaling 2020, despite challenges posed by COVID-19

2022

Q1

- Majority shareholder ADQ transfers to AD Ports Group its 22.32% stake in the integrated transport and logistics player Aramex PJSC and 10% stake in National Marine Dredging Company PJSC (NMDC), adding AED 2.5 billion in assets to AD Ports Group's balance sheet
- AD Ports Group issues 1.25 billion shares and raises AED 4 billion in pre-listing private placement
- AD Ports Group lists all shares (Ticker: ADPORTS) on Abu Dhabi ADX. State holding company ADQ lowers majority stake to 75.44%
- AD Ports Group acquires Divetech Marine Engineering Services, a UAE-based topside-subsea solutions provider that offers installation, inspection, repair and maintenance services for ports and other maritime organisations
- AD Ports Group signs agreement with Metal Park Investment ME Ltd to establish an integrated 450,000 m² metal hub in KIZAD
- AD Ports Group agrees with UAE's Ghassan Aboud Group to develop one of the region's largest food trading and logistics centres at KIZAD to boost food security in the region
- Deal is signed with Al Rawabi Group to build an AED 650 million dairy farm production facility in KIZAD with 10,000 cows to support UAE food security and exports across the GCC

IN THIS SECTION

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

The right port of call for investors in the Middle East

Investors looking to share in Abu Dhabi's growth are eagerly supporting our Group's expansion.

For centuries, the old saying "any port in a storm" guided seafarers in a crisis.

This sage advice saved many lives in the early days of global trade and commerce.

But in today's complex, interconnected world of synchronised global logistics, this bit of nautical wisdom no longer applies. In our just-in-time era, global companies, shipping lines and international investors cannot afford to settle for just any port in a storm. They need the right port.

A port that provides not only shelter but is an integrated business that invests in a customer's future, offering prime development land, infrastructure, services, and market access. A port that is a true business partner offering more than a respite from choppy markets, but long-term growth horizons.

That partner is AD Ports Group, a growing diversified ports, industrial development, and logistics trading group.

As a major trade gateway to the fastest-growing economy in the Arabian Gulf, AD Ports Group is a key economic growth engine of the Emirate of Abu Dhabi, the capital of the United Arab Emirates, which owns a majority stake in the Group through state holding company Abu Dhabi Holding Developmental Company (ADQ).

I am grateful to the leadership of Abu Dhabi for their vision and guidance in enabling the sustainable growth of AD Ports Group, which was founded in 2006.

In a year marked by the challenges of the COVID-19 pandemic, AD Ports Group in 2021 not only delivered record revenue and profit growth, but also pivoted during the crisis to fulfil a larger societal role, becoming a major distributor of COVID-19 vaccines in the UAE and a supplier to more than 60 countries.

AD Ports Group is a vertically integrated ecosystem of businesses that include Economic Cities & Free Zones (EC&FZ), Ports, Logistics, Maritime and Digital services. The company empowers more than 212,000 jobs in the region and is aligned with the vision of Abu Dhabi Emirate.

Through its 550 km^2 land bank for industrial development in KIZAD and ZonesCorp under EC&FZ, its 10 ports and terminals including flagship Khalifa Port, and through its role as a port of call to most of the world's biggest shipping lines, the Group is well positioned for the future.

AD Ports Group is also a major driver of sustainable economic growth in Abu Dhabi. Our business generated 21% of all non-oil-based GDP in the Emirate in 2020, according to Oxford Economics.

Increasingly, our growth is coming from abroad. In 2021, we signed up major new partners to long term commitments such as global mainline shipping company CMA CGM and China's Shandong Holdings Group.

With CMA CGM and existing customers COSCO and MSC, AD Ports Group now hosts three of the world's four largest mainline shipping companies, joining the list of major ports such as Singapore, Antwerp, and Rotterdam.

In 2021, AD Ports Group successfully completed a USD 1 billion issue of 10-year bonds, which were listed on the Abu Dhabi Securities Exchange (ADX) and London Stock Exchange (LSE). In February 2022, AD Ports Group went public and sold its first shares of stock, raising AED 4 billion for organic growth and acquisitions. Both events transformed our Group and strengthened our capital structure.

In 2022, AD Ports Group will expand into the Red Sea, where we are preparing to manage cargo and passenger cruise terminals and ports for the Aqaba Development Corporation in Jordan.

Investors looking to share in Abu Dhabi's growth are eagerly supporting our Group's expansion.

To existing investors and those to come, AD Ports Group will continue to be the right choice in the GCC – for global businesses, the global shipping industry and the residents of Abu Dhabi and the UAE.

His Excellency Falah Mohammad Al Ahbabi
Chairman of the Board
AD Ports Group

GROUP CEO'S STATEMENT

Resilient growth in turbulent times

In a year shaped by the COVID-19 pandemic, AD Ports Group in 2021 again delivered robust results.

2021 was a transformative year for AD Ports Group, the diversified port, industrial development, maritime, logistics and trade group that is the global financial community's "port of entry" to invest in the Gulf's fastest-growing economy.

In a year shaped by the COVID-19 pandemic, AD Ports Group again delivered robust results. Group revenue and EBITDA rose for the 14th and 10th consecutive years, respectively. We successfully leveraged synergies across our five business clusters of Economic Cities & Free Zones (EC&FZ), Ports, Logistics, Maritime and Digital services and, with new partners, paved the way for more growth.

This holistic approach to reimagining trade drove a 14% increase in 2021 revenue to AED 3.910 billion and a 4% increase in adjusted EBITDA to AED 1,601 billion. On an operating level, all five business clusters recorded revenue growth, and our EC&FZ, Logistics and Digital clusters reported year-on-year increases in net profit.

Our Group net profit more than doubled to a record AED 853 million.

Through the Abu Dhabi-led HOPE Consortium, we pivoted during the COVID-19 crisis to become a main distributor and supplier of COVID-19 vaccines in the UAE and a key supplier to more than 60 countries in Africa, Asia, and Europe. COVID-19 expedited our entry into the pharma and food sectors, and through the high-tech cold storage and logistics infrastructure that we commissioned in record time, we are well placed in fast-growing new business sectors.

We accelerated our international dealmaking and increased our global reach. Our new 35-year concession agreement with France's CMA CGM for an AED 570 million terminal at Khalifa Port will elevate AD Ports Group into an elite league of global hubs that host three of the world's four mainline shipping companies, namely MSC, COSCO and CMA CGM. These partnerships put AD Ports Group on a unique list with major trade hubs such as Singapore, Rotterdam and Antwerp.

Long-term partners are key to our success, and we signed several global businesses during the year. With China's Shandong Ports Group, we are jointly building a 150,000 m^2 tyre storage and distribution city at KIZAD.

The Shandong joint venture is just the latest example of our successful "build-to-suit" approach, which goes far beyond ports, containers, and logistics. At AD Ports Group, we do not just unload a client's freight. We invest in their businesses, cut their costs and sometimes run their operations to bring their products to market.

Bespoke service is why Australia's Lepidico, a lithium battery maker, decided to invest AED 348 million to build a new facility at KIZAD which will drive the electric car revolution in the GCC. The Lepidico deal supports our sustainability agenda, which is broad and growing. In 2021 AD Ports Group relocated more coral colonies from our base at Khalifa Port. We also agreed with Helios Industry to create an AED 3.67 billion hydrogen production facility in KIZAD to make green ammonia using an 800MW solar plant.

Our revenue is high-quality and generated by long-term contracts with a tenure typically longer than 35 years. This is a rarity in our business and a source of stability from which we can continuously drive our international expansion, even during market downturns.

Global markets were turbulent in 2021 and AD Ports Group responded decisively, diversifying to offset a slowdown in our international container business. Net profit increases in the EC&FZ, Logistics and Digital Clusters offset COVID-19-inspired declines in Ports and Maritime and drove overall Group profit higher.

We also profited from the first full year of operation of our new feeder shipping line SAFEEN Feeders, which attracted mainline shippers eager to cut costs to reach their customers up and down the Arabian Gulf and the Indian subcontinent. In Jordan, we signed five agreements with the Aqaba Development Corporation to support the development of tourism, logistics, transport, and digital infrastructure.

GROUP CEO'S STATEMENT Cont.

In the UAE, our new joint venture OFCO won the undersea cabling business of national champion Abu Dhabi National Oil Company (ADNOC). We also signed an agreement to ship 5 million tonnes of steel each year for Emirates Steel.

As a strategic gateway to Abu Dhabi, the economic motor and capital of the UAE, AD Ports Group benefitted from the region's fast economic growth. Our relationship with Abu Dhabi is a source of strength and new business. In 2020, AD Ports Group generated 21% of all non-oil related GDP in Abu Dhabi, according to Oxford Economics, making us a driver of the Emirate's economic diversification.

As an East-West hub and gateway to Africa and Asia, Abu Dhabi will continue to drive growth at AD Ports Group. We will also leverage synergies in our business ecosystem and efficiency gains by creating innovations such as mUnity, our state-of-the-art vaccine distribution and logistics that transformed AD Ports Group into one of the world's largest COVID-19 vaccine distributors in 2021.

With our USD 1 billion bond issue, and the sale of our first equity shares in February 2022, AD Ports Group enters 2022 with the resources to continue its internationalisation. New partnerships with global companies such as Shandong Holdings Group will widen our horizons. So too will our equity stakes in integrated transport and logistics player Aramex PJSC and National Marine Dredging Company PJSC (NMDC).

In closing, I am grateful to the leadership of Abu Dhabi Emirate, to our Chairman, His Excellency Falah Mohammad Al Ahbabi, to our Board of Directors, and to all the employees of AD Ports Group, for their ongoing commitment and support. We are on an exciting journey. The best is yet to come.

Captain Mohamed Juma Al Shamisi

Managing Director and Group CEO
AD Ports Group

STRATEGY

Leveraging growth at the forefront of industry change

The COVID-19 pandemic fundamentally changed the rules of global shipping and trade logistics in 2021. Supply chains came under pressure around the world, causing container ships to idle off the US West Coast, traffic to halt in the Suez Canal, and factories to pause in China.

Yet in one of its most challenging years ever, AD Ports Group in 2021 not only delivered robust performance against its ambitious growth strategy but diversified into new sectors such as pharma and offshore energy services that strengthened our business and accelerated our expansion.

During a time of unprecedented change, AD Ports Group successfully leveraged its integrated ecosystem of businesses 365 days a year without interruption, signing new global partners such as CMA CGM of France and Shandong Ports Group of China, and seizing opportunities to diversify, by becoming for example one of the world's largest COVID-19 vaccine logistics providers.

This ability to deliver against our core strategy despite economic turbulence is an enduring strength of our business-cluster ecosystem, which multiplies opportunity and diffuses risk across the Group, insulating AD Ports Group from isolated pressures in one or more businesses.

Our ecosystem is a stable growth platform that positions AD Ports Group at the forefront of industry change. Group-wide, around 60% of our revenue is generated by long-term contracts with a tenure typically longer than 35 years. This solid foundation mitigated the effects of COVID-19-inspired profit pressures in our Ports and Maritime clusters during 2021 to drive top-line growth for our Group.

Our ecosystem is based on landmark partnerships with key clients, which enables AD Ports Group, often as a co-investor and business partner, to grow relationships over time and become a multifaceted trade enabler that makes and profits from long-term commitments.

The ecosystem also gave our Group the momentum to make noteworthy progress toward our overarching strategic goal of developing AD Ports Group into one of the world's foremost international, fully integrated ports, industrial development, maritime and logistics trade groups.

AD Ports Group strengthened its capital position for future growth

Two major financial events supported our expansion strategy – the USD 1 billion sale of our first 10-year bond issue in May 2021, and our first equity placement in February 2022, which raised AED 4 billion. The bond issue, listed on the Abu Dhabi Securities Exchange (ADX) and the London Stock Exchange (LSE), was rated A+ by S&P Global and Fitch and received the lowest coupon rate of any Abu Dhabi government related entity at the time. The funds will support organic growth and mergers and acquisitions that enhance our Group.

AD Ports Group expanded its international footprint by signing new, long-term partners

The 35-year concession agreement with mainline shipping company CGM CMA of France positions AD Ports Group, which already has MSC and COSCO as clients, to host three of the world's four biggest shipping lines. The Group expanded into the Red Sea by signing five agreements with Aqaba Development Corporation to develop tourism, logistics, transport and digital infrastructure in Jordan. An agreement with Turkey's sovereign wealth fund, Turkiye Varlik Fonu, will let us explore investment opportunities in Turkey. AD Ports Group and China's Shandong Ports Group agreed to jointly build and operate a 150,000 m^2 tyre storage and distribution city in Khalifa Industrial Zone Abu Dhabi (KIZAD).

AD Ports Group increased its ports capacity, laying the foundation for growth

The June 2021 commissioning of an AED 500 million container terminal expansion at Fujairah Port on the East Coast of the UAE gives AD Ports Group a strategic springboard for growth in the Gulf of Oman within close reach of key East-West Indian Ocean shipping routes. The completion of a renovated jetty at Sir Bani Yas Island near Abu Dhabi city is intended to double cruise passenger traffic to the island.

AD Ports Group diversified again into new products and services

Four significant new businesses ramped up in 2021 – a cold-storage warehousing and logistics business for global vaccine and pharma makers and food processors; a regional shipping line, SAFEEN Feeders, connecting the Arabian Gulf to key trade markets; an offshore maritime services firm, OFCO, serving the oil and gas industry; and a major maritime contract was signed with Emirates Steel, one of Abu Dhabi's largest steel makers, for transshipments of up to 5 million tonnes of steel per year.

The 19,000 m^2 cold storage warehouse capacity commissioned by AD Ports Group in 2021 created capacity to store more than 120 million COVID-19 vaccines for the UAE-based HOPE Consortium. The project made the Group the de facto distributor of all COVID-19 vaccines in the UAE, and later, a supplier to more than 60 countries around the world. In 2022, the Group is expanding its cold storage infrastructure more than four-fold as it anticipates more growth.

The creation of SAFEEN Feeders, whose nine-vessel fleet serves destinations in the UAE, India, Pakistan, Kuwait and other locations around the region, provided a low-cost, attractive way for mainline shipping companies to connect to their end customers.

The launch of OFCO to serve the offshore energy services sector provided entry into integrated logistics and subsea services. The venture's seven vessels are co-owned with Allianz Marine. OFCO won the contract to do underwater maintenance and emergency repair along the 5,500 km undersea pipeline network of Abu Dhabi National Oil Company (ADNOC).

The agreement with Emirates Steel will see AD Ports Group's Maritime Cluster deliver transshipments of steel bars and coils produced locally that are re-exported to the United States, Egypt and to many other destinations. The agreement is notable for its sizeable volumes and prompted the Group to add to its maritime fleet by putting into service the largest bulk commercial vessel registered in the UAE, the HAFEET.

AD Ports Group reaffirmed its commitment to sustainability and its employees

During 2021, the Ports Cluster of AD Ports Group, working with New York University-Abu Dhabi and the Abu Dhabi Environment Agency, moved coral colonies to safe locations near Khalifa Port. The Economic Cities & Free Zones Cluster signed a global lithium battery maker, Lepidico of Australia, which will invest AED 348 million to build a facility in KIZAD that aims to drive the electric vehicle revolution in the UAE. Through its participation in green port initiatives, AD Ports Group is systematically reviewing its businesses for potential environmental upgrades. The Maritime Cluster is exploring use of autonomous vessels such as tugboats and is also designing ships that can one day be converted to run on hydrogen fuel. EC&FZ signed Helios Industry, which plans to build an AED 3.67 billion hydrogen energy production facility at KIZAD to produce green ammonia using an 800 MW solar plant. Our KIZAD Communities project is developing high-quality housing and communities for industrial workers.

Our Happiness Doctor program provided mental health counselling to AD Ports Group employees during the pandemic. The Glow Program is accelerating the careers of high-potential Emirati women within the company. A survey measuring job satisfaction among the Group's employees reached 85%. Workplace injuries fell in 2021 for a third year. Also, for a third year, AD Ports Group won IIP Platinum Accreditation, the highest accolade for excellence from an international group for effective human capital management.

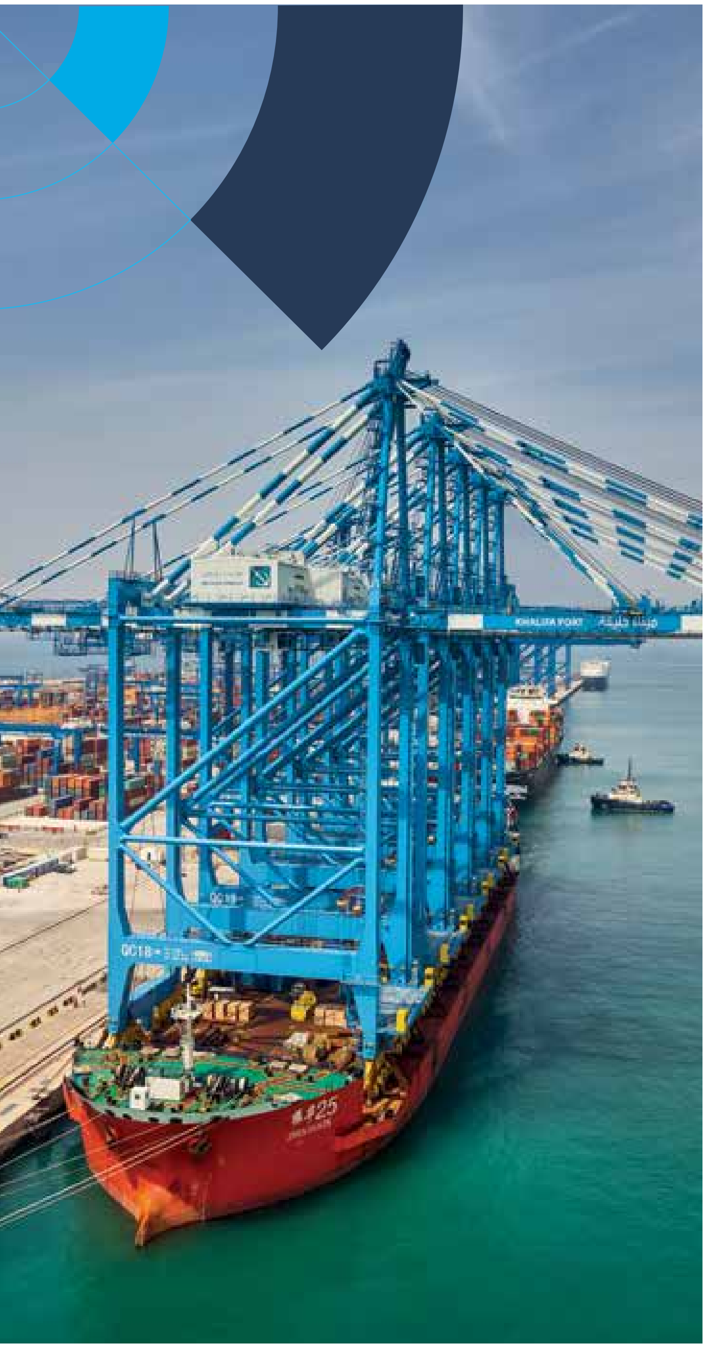
AD Ports Group reports strong operating performance across clusters in 2021

The Group finished the year with exceptional operating performance across all five business clusters: EC&FZ, Ports, Logistics, Maritime and Digital. Revenue rose for the 14th consecutive year, climbing 14% to AED 3.910 billion, and net profit rose for the 10th year.

Group net profit more than doubled to AED 853 million. Excluding impairments in 2020, the increase was AED 39 million. Adjusted EBITDA in 2021 rose 4% to AED 1.601 billion. The adjusted EBITDA margin decreased to 41% from 45% in 2020 amid diversification into some relatively lower-margin businesses and temporary COVID-19 impact.

INVESTMENT CASE

The smart way to invest in Abu Dhabi Inc.



There has never been a better time to invest in AD Ports Group following the listing of our equity shares on the Abu Dhabi Securities Exchange (ADX) in February 2022.

Our business is resilient and growing, despite headwinds brought on by COVID-19, and based on 2021 performance, business appears to be getting back to normative operating levels.

In 2021, AD Ports Group's revenue and net profit grew for the 14th and 10th consecutive years. We doubled our net profit and achieved record volumes in our cargo and container businesses, as we leveraged synergies across our five core business clusters.

These are just a few of the latest fruits of AD Ports Group's vertically integrated business model, whose ecosystem of Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital clusters provide stability and a platform for stable and predictable, long-term growth.

In a year when supply chain disruptions halted trade across much of the world, AD Ports Group remained open for business every day of the year in 2021, while caring for the health and safety of our workforce during the depths of the pandemic. During this challenging year, our EC&FZ cluster leased another 3 million m^2 of land for industrial development, matching 2020's performance.

We continued to lay the groundwork for growth, signing new global customers and partners such as CMA CGM, the French mainline container shipping group, to a 35-year concession that will see us together build a new semi-automated container terminal at our flagship Khalifa Port. The long-term nature of our contract business, which is typically longer than 35 years, underpins around 60% of our revenue.

Our well-balanced capital structure is reflected in strong A+ investment grade credit ratings from Fitch and S&P Global and is further aided by our diversified portfolio and partnership model of investing in our customers' businesses. 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 strength. We plan to turn Khalifa Industrial Zone Abu Dhabi (KIZAD) into one of the world's largest economic and industrial free trade zones. Smart investors see the value of AD Ports Group's ties to the Emirate of Abu Dhabi, whose economic growth typically leads the six-nation Gulf Cooperation Council (GCC) and makes our company stronger, year in and year out.

Through our 10 ports and terminals, our proximity to three global airports, and our connection with a new pan-Arabian rail network, AD Ports Group is perfectly positioned to drive its international expansion. We have a strong balance sheet and recently generated AED 4 billion from our equity placement in February 2022 to fund organic growth as well as mergers and acquisitions.

Investors stand to benefit from our experienced management, which seizes opportunities to deliver on our ambitious growth strategy. Such decisiveness allowed AD Ports Group to enter the global vaccine distribution and food security businesses in 2021, in response to COVID-19.

During the year we benefitted from our new feeder shipping line, SAFEEN Feeders, which opened new sources of revenue in regional shipping along the Indian sub-continent as well as the Arabian Gulf and soon would expand into the Red Sea.

Environmental sustainability principles are at the core of our strategy and growth agenda. In 2021, we moved coral reef colonies from Ras Ghanada in the Gulf to safer waters near Khalifa Port, building an AED 800 million breakwater to protect the colonies from contamination, turbidity and unwanted temperature fluctuations from port operations.

We facilitated the conversion of the Razeen workers accommodation into an isolation and quarantine facility to support the Government's plan for safeguarding the general population during the pandemic. We became a major distributor of COVID-19 vaccines in the UAE and a supplier to more than 60 countries around the world. We continue to leverage technology to make our operations more efficient. In a matter of weeks, our Digital Cluster created a unique IT distribution platform called mUnity that linked our ports, logistics and maritime ecosystem directly with vaccine producers, dramatically speeding the delivery of life-saving medicines. Digital innovations are a cornerstone of our operations and enhance value across our Group every year.

Our organic capital expenditure expectations – AED 15 billion from 2022 to 2026 to expand Khalifa Port and its connectivity as well as our economic cities and free zones – will set the stage for more growth. We have maintained a Group EBITDA margin of more than 40% for the past six years. In 2021, we successfully issued USD 1 billion of 10-year bonds, and received the lowest coupon rate of any Abu Dhabi Government-related entity at the time. The bond has a dual listing in London and Abu Dhabi. In February 2022, we raised AED 4 billion in equity issuance.

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 integrated transport and logistics player Aramex PJSC and its 10% stake in National Marine Dredging Company PJSC (NMDC) to AD Ports Group. The stakes added approximately AED 2.5 billion in assets to our balance sheet and will open new growth horizons.

As it looks to the future, 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.

CLUSTER

ECONOMIC CITIES & FREE ZONES

The Economic Cities & Free Zones Cluster oversees the operations of KIZAD and ZonesCorp.

KIZAD is the largest integrated trade, logistics and industrial hub in the region and ZonesCorp the largest operator of purpose-built economic zones and workers residential cities in the United Arab Emirates.

كيزاد
KIZAD

Abu Dhabi's integrated trade, logistics and industrial hub. Established in 2010 and operational since 2012, KIZAD is a subsidiary of AD Ports Group, strategically located between Abu Dhabi and Dubai with the deep-water Khalifa Port as its maritime gateway. KIZAD is Abu Dhabi's integrated trade, logistics and industrial hub.

To learn more, visit:
www.kizad.ae

ZonesCorp

The largest operator of purpose-built economic zones and workers residential cities in the United Arab Emirates. ZonesCorp, an AD Ports Group's company, is responsible for planning, developing, and managing specialised fully integrated economic zones for investors within the emirate of Abu Dhabi.

To learn more, visit:
www.zonescorp.com

KIZAD COMMUNITIES

Established in 2021, KIZAD Communities Development & Services Company (KIZAD Communities) is an integrated employees accommodation solutions provider. KIZAD Communities' main goal is to establish innovative partnerships with international, government, and private companies while championing staff well-being across the full value chain.

EC&FZ Operational Figures

55%
Of UAE's industrial area

550km^2
Total land area

1,500+
Investors in EC&FZ

CLUSTER

ECONOMIC CITIES & FREE ZONES Cont.

Land leases on record pace despite COVID-19 as new major tenants signed.

Environmental sustainability is driving EC&FZ's expansion. A significant step in 2021 was the signing of Helios Industry to create an AED 3.67 billion hydrogen energy production facility in KIZAD that will produce green ammonia using an 800 MW solar plant.

Attracting green businesses such as Helios and Lepidico will play an increasing role in the EC&FZ Cluster's plan to position the Group as a hub for sustainable businesses in the region.

Cluster revenue, which at 37% was the top contributor to AD Ports Group in 2021, rose 1% to AED 1.568 billion, with adjusted EBITDA increasing 7% to AED 1.082 billion. Net profit reached AED 675 million, up from AED 130 million in 2020, mainly due to impairment on investment property in 2020.

In a challenging year marked by pandemic uncertainty, the Economic Cities & Free Zones Cluster (EC&FZ) of AD Ports Group generated record revenue and profit again as it inked new land leases in the life sciences, bio pharma, food, renewable energy, and agritech sectors.

During the year, the EC&FZ Cluster leased approximately 3 million m² of land for industrial use, largely matching 2020 levels, while signing major investors such as Lepidico of Australia, which is building a AED 348 million lithium battery plant, and China's Shandong Ports Group, which together with AD Ports Group, will build and operate a 150,000 m² tyre storage and distribution city at Khalifa Industrial Zone Abu Dhabi (KIZAD).

Also driving performance at EC&FZ Cluster were ongoing synergies from the merger of KIZAD and ZonesCorp, whose combined footprint of industrial, economic and free trade zones across the Emirate of Abu Dhabi has attracted top-tier tenants such as Amazon, Emirates Global Aluminium, Abu Dhabi National Oil Company (ADNOC), Borouge and Al Futtaim Motors.

Cluster revenue also benefitted from the 2021 creation of the Razeen isolation and quarantine camps during COVID-19, new land leases and higher utility revenues, which mitigated the transfer of businesses to other clusters. Natural gas supply to tenants rose 11% to 16.07 million British Thermal Units (MM BTU).

Leveraging its land bank of more than 550 km², the EC&FZ Cluster continued to expand and solidify its market position in 2021 as the largest integrated trade, logistics and industrial hub in the United Arab Emirates, making up 55% of UAE industrial zones and 12% of industrial zones in the six-country Gulf Cooperation Council (GCC).

The EC&FZ Cluster is a linchpin in AD Ports Group's strategy of becoming a world-class provider of integrated ports, logistics and industrial and economic zone services, catering to the requirements of flagship, long-term business clients whose operations draw on services from other clusters within the Group. In 2021, EC&FZ Cluster once again leveraged its "build-to-suit" approach to attract new tenants, such as Shandong Group, by co-investing in their partner's business.

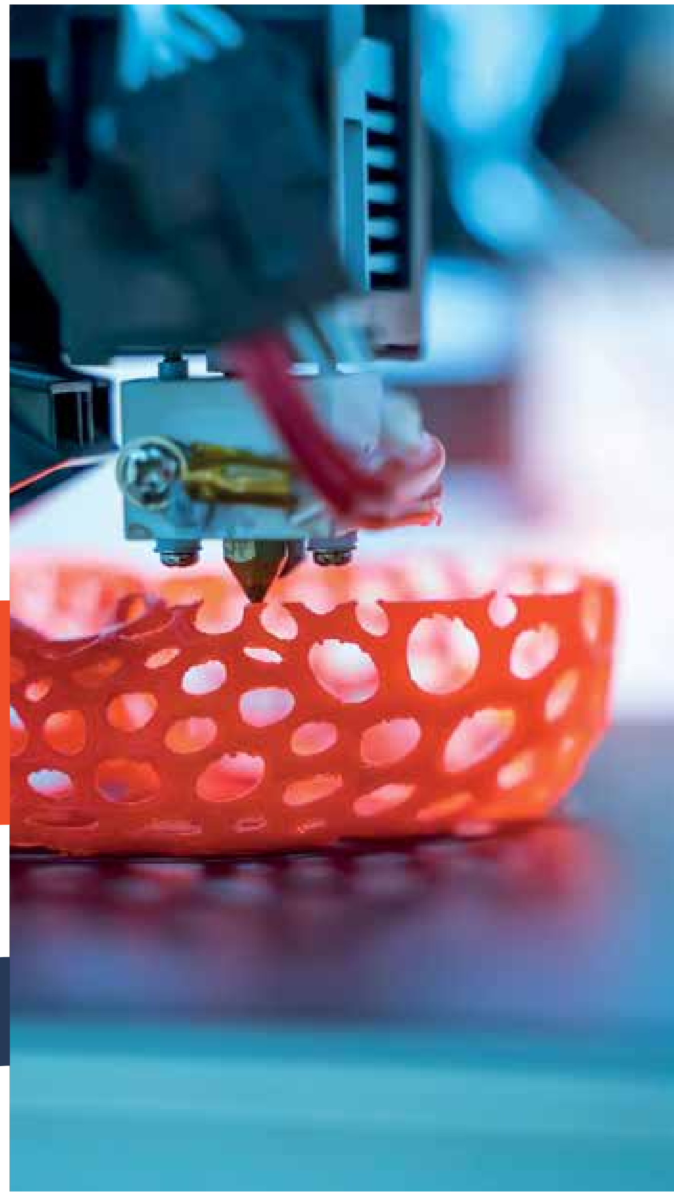
Shandong Tyre City is expected to also generate revenue for the Ports and Logistic clusters of AD Ports Group. Driving synergies and cross-selling across clusters helped boost EC&FZ Cluster revenue in 2021, as tenants were in the food, bio pharma, metals, and life sciences sectors. A major impulse to the bio pharma initiative was EC&FZ Cluster's ability to rapidly acquire and ramp up 19,000 m² of state-of-the-art cold storage capacity to store 120 million COVID-19 vaccines.

EC&FZ Cluster is on track in 2022 to more than quadruple AD Port Group's cold storage capacity for pharma, food, and medicines to 91,000 m², supporting the Group's long-term commitment to be a major distributor of COVID-19 and other vaccines to the UAE and more than 60 countries around the world.

By attracting new global and regional tenants to its industry and economic hubs, such as Metals Park, Tyre City and the 138 million m² Rahayel Automotive and Mobility City, the EC&FZ Cluster is committed to driving growth into 2022. For 2022 to 2026, AD Ports Group is planning to invest more than AED 3.5 billion in the EC&FZ Cluster to build new infrastructure and assets such as warehouses to accommodate a planned AED 4.1 billion expansion of its flagship Khalifa Port facilities, which will eventually link with Etihad Rail.

Throughout this phase, the EC&FZ Cluster is committed to sustainably growing its business without compromising its industry-leading approach to customer service. The EC&FZ Cluster goes the extra mile to accommodate tenant requirements and enhanced its offering to food processors, for example, by locating food production, packaging, and testing and certification labs close to each other.

The offer has proven attractive and is being used by clients who supply one of the world's largest fast-food restaurant chains. The EC&FZ Cluster will continue to replicate this model across industries, saving clients' time, money and logistical effort and expanding its ability to design, build and sometimes even operate clients' businesses.



CLUSTER

PORTS

The Ports Cluster owns and operates 10 ports and terminals facilitating trade and building capacity whilst connecting Abu Dhabi globally.

The cluster is focused on achieving sustainable growth by forging partnerships with local and global market leaders which, among others, include ADNOC, COSCO SHIPPING Ports, CMA CGM Group, Mediterranean Shipping Company and Autoterminal Barcelona. The goal is to diversify and expand capacity to meet the growing and diverse needs of customers, while solidifying Abu Dhabi as a global trade and logistics hub.

ABU DHABI PORTS

Our 10 ports offer a wide range of commercial and leisure services. We have integrated several innovative and efficient technologies into our port operations, thus making them some of the region's most sustainable and technologically advanced ports.

To learn more, visit:
www.adports.ae

KHALIFA PORT

Khalifa Port is the Group's flagship port, offering deep-water access, multipurpose capabilities and an extensive international network, thanks to its advantageous strategic location at the crossroads of East and West. Investment in technology and infrastructure and strong local and international partnerships combined with integrated trade and logistics solutions has created a world-class global logistics hub.

To learn more, visit:
www.adports.ae

محطة أبوظبي للسفن السياحية
ABU DHABI CRUISE TERMINAL

Abu Dhabi Cruise Terminal is the first dedicated permanent cruise infrastructure in the emirate of Abu Dhabi, offering the ultimate destination for international cruise lines and passengers, with world-class terminal operations and services.

To learn more, visit:
www.adports.ae

Ports Cluster Operational Figures

45 Mn
metric tonnes
Volume of general & bulk cargo processed

7.8 Mn
TEU
Khalifa Port container capacity

500k+
cruise passengers
Received in Abu Dhabi (2019)

CLUSTER

PORTS Cont.

Leveraging a challenging year with a new partner and more capacity on Indian Ocean routes.

COVID-19 greatly affected the Ports Cluster business of AD Ports Group during 2021, as travel restrictions, quarantines and business shutdowns slowed economic development, shut down cruise terminals, disrupted international trade and resulted in a temporary decrease in global shipping.

Yet in many ways, the Ports Cluster of 10 ports and terminals had a transformative year, as it signed up global shipping line CMA CGM of France to a long-term, paradigm-changing partnership at Khalifa Port. It also set a record in general cargo volumes, due to securing commodities handled on a temporary, opportunistic basis, and completed an extensive expansion programme at Fujairah Terminals, the multipurpose facility strategically located on the eastern seaboard of the United Arab Emirates.

The AED 500 million project at Fujairah Terminals increased the size of the container terminal to 110,000 m^2 plus a 25,000 m^2 multipurpose area for general and other types of cargo. A direct link to Etihad Rail is planned. The project in Fujairah along the Gulf of Oman gives AD Ports Group more capacity to serve shipping lines on the East-West Indian Ocean routes.

These forward-looking moves strengthened AD Ports Group as one of the world's fastest growing diversified ports ecosystems, which, despite headwinds from the pandemic, leveraged synergies across its Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital business clusters.

To accommodate Emirates Global Aluminium (EGA), the Ports Cluster opened South Quay at Khalifa Port, a flagship, deep-water facility for bulk and general cargo handling ahead of schedule, demonstrating its firm commitment towards customers.

EGA shipments of bauxite from Kamsar, Guinea, to South Quay contributed to top-line growth, offsetting pressure on lease revenue and a temporary 43% decline in the volume of Ro-Ro (roll-on, roll-off vehicles) and a 74% drop in the number of cruise passengers.

The lease of the cruise terminal to Abu Dhabi Health Services to support the vaccination drive during 2021 mitigated the negative effects of suspended cruise operations, which began to resume in Q4.

The Ports Cluster's container business is poised for growth following the signing of a 35-year concession agreement with CMA CGM to jointly build an AED 570 million terminal at Khalifa Port.

The ground-breaking deal will catapult the flagship, Khalifa Port, into the elite league of global ports by hosting three of the world's four largest shipping companies: MSC, COSCO and CMA CGM.

Looking ahead to 2022, the Ports Cluster is focused on resuming its international expansion and is targeting opportunities among trade partners of the UAE such as Jordan, Egypt, Iraq and Saudi Arabia. Locally, 2021 saw the Ports Cluster open a new jetty at Sir Bani Yas Island, which will double the number of cruise passengers and lead to further growth.

Although the cluster's international expansion slowed during the COVID-19 pandemic, the Ports Cluster managed in 2021 to sign a major deal with the Aqaba Development Corporation to renovate and operate cargo ports and a cruise passenger terminal in Jordan, leading an expansion into the Red Sea area.

With signs of the pandemic retreating in early 2022, the Ports Cluster is once again focused on stepping up the pace of its internationalisation in a step-by-step campaign that will reshape the cluster's structure and global footprint.

In a challenging year, the Ports Cluster managed to lay the groundwork for momentum into 2022.

In 2021, Ports Cluster revenue rose 13% year-on-year to AED 1,063 million amid incremental gains in new projects and record general cargo volumes, due to securing commodities handled on a temporary, opportunistic basis. South Quay helped drive general cargo and bulk volumes up 50% to a record 45 million metric tonnes.

In line with revenue, direct costs increased to support new businesses. Low-margin business and one-off income in 2020 combined to subdue the Ports Cluster's adjusted EBITDA for the full year at AED 587 million compared to AED 742 million in 2020. Net profit also dropped to AED 427 million, down from AED 579 million in 2020.

CLUSTER

LOGISTICS

The Logistics Cluster provides supply chain and freight solutions to local and international customers.

In 2020, AD Ports Group acquired MICCO to provide end-to-end solutions to our customers. The acquisition facilitated an expedited enhancement of both our operational and logistical service offering.

AD PORTS LOGISTICS

Established in 2018 to handle the expanded scope of logistics, AD Ports Logistics is driving integrated end-to-end solutions. AD Ports Logistics is implementing the latest technologies to boost supply chain resilience and efficiency through integrated logistics solutions with digital enablement.

To learn more, visit:
www.adportsgroup.com

MICCO ميكو

AD Ports Group's acquisition of MICCO Logistics in 2020 expanded the group's portfolio into freight forwarding services. The MICCO Logistics integration as part of AD Ports Group Logistics Cluster leverages MICCO's experience and capabilities as Abu Dhabi's first provider of logistics solutions.

With the powerful combination of MICCO's international and regional logistics solutions, its large and diversified transportation fleet, and a network of temperature-controlled warehouses, along with the Group's extensive multi cargo handling and industrial zone capacity, AD Ports Group is in a unique position to serve its customers along every segment of the supply chain.

To learn more, visit:
www.miccologistics.com

Key Logistics Operations Figures

400+
Number of vehicles in our fleet

4.9 Mn
Goods moved per year (tonnes)

42.7 Mn
Ground covered per year (km)

CLUSTER

LOGISTICS Cont.

Raising performance by entering new markets and mitigating risk for our customers.

The Logistics Cluster's quick, decisive entry into the vaccine, medical goods and food sectors drove an 8% increase in cluster revenue to AED 607 million, and offset reductions in freight forwarding income at MICCO as well as the negative impact of a contract revision with a UAE agritech client.

The new business lines also drove Logistics Cluster adjusted EBITDA up by 22% to AED 189 million, whereas the cluster's net profit rose by 24% in line with revenue as lower direct costs offset one-off costs and higher depreciation.

2021 was a standout year for the Logistics Cluster of AD Ports Group. Our business pivoted on short notice during the COVID-19 crisis to create a state-of-the-art vaccine and food security logistics infrastructure that drove results and positioned our Group as a global distributor of life-saving vaccines, and key pharma and medical supplies.

As part of the HOPE Consortium in the United Arab Emirates, the Logistics Cluster in less than three months constructed and equipped 19,000 m^2 of sophisticated new cold storage facilities, creating urgently needed capacity to store over 120 million COVID-19 vaccines at temperatures of -80 to 8 degrees Celsius.

Leveraging its MICCO Logistics ground fleet of over 400 transport vehicles, the Logistics Cluster became the main distributor of COVID-19 vaccines in the UAE.

With our custom-built, blockchain-enabled global platform mUnity developed by Maqta Gateway, and our HOPE Consortium partners, the Logistics Cluster helped distribute more than 210 million vaccine doses to more than 60 countries in Asia, Africa, Europe and Latin America.

Our end-to-end services for vaccine distribution included the provision of in-country support, where working with our strategic partners, we were able not only to deliver the vaccines, but also provide "on the ground" support with doctors, nurses and support staff critical to national and local vaccination programs.

In 2022, the Logistics Cluster will more than quadruple its cold storage capacity for vaccines, food, and other medical and humanitarian supplies, from 19,000 m^2 to 91,000 m^2, driving further growth. With large areas of the world still unvaccinated against COVID-19 two years into the pandemic, AD Ports Group is perfectly positioned to provide solutions to this urgent crisis.

The new healthcare and food security infrastructure also facilitated our logistics expansion into the broader healthcare sector, where the cluster won a contract to manage the pharmaceutical logistics support network for Rafed, a Group Purchasing Organisation (GPO) that leverages the bulk purchasing power of the UAE.

COVID-19 was an unprecedented challenge for the world and the logistics industry, but the pandemic did not slow our Logistics Cluster's profitable international growth. We diversified into the healthcare and food sectors, and signed logistics clients from AD Ports Group's growing set of industry hubs, such as the Life Sciences hub and Polymer Park at Khalifa Industrial Zone Abu Dhabi (KIZAD), which now hosts 95 polymer and polyolefin companies.

A top priority for the Logistics Cluster in 2022 will be to continue to deliver the high level of service quality to existing and new customers, ensuring businesses are protected and risks mitigated through complete logistics offerings, including transportation, warehousing, cargo handling and valued-added services.

During 2021, we saw entire global supply chains disrupted by the pandemic. The Logistics Cluster was very quick to adapt and adjust to mitigate these global disruptions, and by doing so, maintained our 24 hours-a-day, seven days-a-week, 365 days-a-year service to all our business partners and customers.

We will continue to ensure that partner supply chains remain resilient and fit for the future in 2022 and beyond, as we drive forward the diversification of our cluster through new co-operations, such as with the integrated transport and logistics player Aramex PJSC.

The receipt of a 22.32% stake in Aramex PJSC in early 2022 from AD Ports Group's majority shareholder Abu Dhabi Developmental Holding Company (ADQ) will bolster our expansion, especially into e-commerce logistics, which is a priority for the cluster and one of the focus areas of our mergers and acquisitions program. Our expansion plan will see the cluster positioned in new geographies with new products and services further strengthening our ability to support the end-to-end supply chain needs of our business partners.

With its strategic location at the crossroad of global trade routes, and direct access to an expanding population of consumers in Europe, Africa and most of Asia, the Logistics Cluster is well positioned to help drive forward our Group's internationalisation.

AD Ports Group is continuing to invest, for example, to increase the cluster's multi-cargo handling capabilities. As we leverage new opportunities in health care and e-commerce, the Logistics Cluster will continue to play an integral role in the Group's global expansion.

CLUSTER

MARITIME

The Maritime Cluster includes SAFEEN, OFCO, Abu Dhabi Maritime Academy 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 a feedering service, transshipment, offshore and onshore logistics and support, in addition to world-class maritime training while maintaining safe waterways for Abu Dhabi.

سفين SAFEEN

One-stop destination for marine services in the UAE and region. SAFEEN comprises Marine Services, SAFEEN Feeders and Transshipment. SAFEEN Marine Services includes Port Services, Navigation and Fleet Maintenance Services alongside ancillary quayside services to calling vessels across all ports. This covers VTS, pilotage, towage, ferry management, oil spill response, and mooring. SAFEEN's fleet is designed to assist a diverse range of vessels in and out of the port.

To learn more, visit:
www.safeen.ae

OFCO

International offshore maritime logistics and support services. SAFEEN and Allianz Marine & Logistics (AMLS) came together to form Offshore Support and Logistics Services Company (OFCO), a new international provider of integrated maritime logistics solutions and subsea services. It specialises in providing offshore services to the oil, gas, and construction industries in the UAE through a world-class fleet.

To learn more, visit:
www.ofco-int.com

ABU DHABI MARITIME

Safe & sustainable waters for Abu Dhabi. Abu Dhabi Maritime was established in May 2020, via an agreement between AD Ports Group and the Department of Municipalities and Transport (DMT), to be the primary custodian of all of Abu Dhabi waters and to deliver on Plan Maritime (Abu Dhabi Coastal and Marine Framework Plan), for the development of integrated coastal zone management and to continue the Emirate's journey of growth as a major global maritime hub.

To learn more, visit:
www.admaritime.ae

ABU DHABI MARITIME ACADEMY

AD Ports Group established Abu Dhabi Maritime Academy (ADMA) in 2018 to advance the maritime industry in UAE and the region through world-class education and training. ADMA plays a crucial role in providing maritime training for undergraduates and working professionals, supporting Abu Dhabi Maritime's plan to elevate Abu Dhabi into a global maritime hub. The Academy provides courses for the next generation of maritime industry leaders in the UAE and the region.

To learn more, visit:
www.admacademy.ae

CLUSTER

MARITIME Cont.

Diversifying into feeder shipping and offshore opens new sources of revenue, profit.

2021 was a year of robust growth for the Maritime Cluster of AD Ports Group, which greatly expanded and diversified its business and opened exciting new growth horizons.

A major highlight was the Maritime Cluster's contract with Emirates Steel, one of the biggest producers of steel in Abu Dhabi, for annual transshipment of 5 million tonnes of steel. To serve the client, the cluster upgraded the capabilities of its 197-vessel fleet by adding the newly converted HAFEET, the largest bulk commercial vessel registered in the United Arab Emirates, with four large cranes and a capacity of 100,000 tonnes.

The ship HAFEET is named after the tallest mountain in Abu Dhabi, which reflects the ambitions of our Maritime Cluster, which has a broad palette of marine services including feedering through SAFEEN Feeders, transshipment, offshore support services and maritime training through Abu Dhabi Maritime Academy. Through Abu Dhabi Maritime, the cluster is also custodian of Abu Dhabi's waterways and regulator of its maritime sector, with guidance from the Department of Municipalities & Transport (DMT).

In 2021, the Maritime Cluster ramped up OFCO, an offshore support and logistics services company serving the energy industry, as it pushed into integrated logistics and subsea services. The venture's seven vessels are co-owned with Allianz Marine. In its first year, OFCO won a contract to carry out underwater maintenance and emergency repair along the 5,500 km undersea pipeline network of Abu Dhabi National Oil Company (ADNOC).

Guided by the vision to position the Emirate of Abu Dhabi as a leading global maritime capital, Abu Dhabi Maritime during 2021 launched Abu Dhabi's first comprehensive digital safety maps covering all the Emirate's waterways, assumed responsibility for licencing watercraft, managed public marine facilities and navigational infrastructure, and launched an online portal for digitisation of services.

The new businesses are poised to expand the reach of the Maritime Cluster and enhance performance of the overall AD Ports Group. Entering 2022, SAFEEN Feeders' nine-vessel fleet was operating at full capacity up and down the Arabian Gulf and the Indian subcontinent. SAFEEN Feeders has experienced increasing demand from global mainline shipping companies wanting to reach customers more cost effectively.

In 2021, the Maritime Cluster enabled and grew transshipment capabilities locally, devised creative, innovative solutions for local companies, moved into offshore services and began working with major oil companies for the first time. Looking ahead to 2022, the Maritime Cluster plans to press ahead with its diversification and internationalisation.

The Maritime Cluster intends to expand services into many other countries and seek more international opportunities in transshipments to bolster its existing bauxite transport business with Emirates Global Aluminium in Kamsar, Guinea.

SAFEEN Feeders is on track to continue to grow, as the Maritime Cluster looks to offer not just containerised but other forms of service such as dry bulk vessels to some existing clients. We are diversifying to enhance our base and provide more stable, long-term revenue and profit growth.

As we do so, we will pursue our sustainability agenda, whether by carrying out ocean clean-up initiatives or participating in green port initiatives to identify ways to support environmental sustainability.

Across the cluster, we are actively exploring the use of autonomous vehicles and vessels such as tugboats, and are designing vessels that can one day be converted to run on clean-burning hydrogen, a fuel that will soon be produced in KIZAD.

The Maritime Cluster diversified tremendously in 2021. But our transformation has only just begun.

During 2021, momentum from new ventures and diversification drove a 65% increase in Maritime Cluster revenue to AED 607 million. Revenues from transshipment and feedering including charter as well as OFCO were partly offset by port dues in 2021 being transferred to the Ports Cluster as part of a cluster re-alignment, with only marginal growth in vessel calls. Abu Dhabi Maritime also added to top-line growth.

Adjusted EBITDA fell by 29% year-on-year due to costs associated with ramping up new businesses, which coupled with higher depreciation, resulted in a net profit for the Maritime Cluster of AED 73 million in 2021, down 50%.

CLUSTER

DIGITAL

AD Ports Group has invested significantly in technology and world-class infrastructure.

We believe that digital transformation can be shaped to accelerate the transition of business towards sustainable operations. Our Digital Cluster delivers advanced, smart and innovative digital solutions catering to trade and logistics stakeholders. Our solutions have increased the efficiency and productivity of maritime business interactions, fostering transparency and access to real-time information.

بوابة المقطع
MAQTA GATEWAY

Established in 2016, Maqta Gateway - a wholly owned subsidiary of AD Ports Group - is a facilitator of technologically advanced and innovative solutions designed to enable integrated digital global trade.

In supporting AD Ports Group's digitalisation strategy, Maqta Gateway is spearheading the digital mandate of Abu Dhabi's maritime, trade, and logistics services.

The Advanced Trade & Logistics Platform (ATLP) is an innovative single-window solution designed to unify trade and logistics services across Abu Dhabi, including sea, land, air, industrial and free zones.

ATLP is developed and operated by Maqta Gateway, under the supervision of the Department of Economic Development.

As a founding partner of the Abu Dhabi-led HOPE Consortium, Maqta Gateway is leveraging its digital technology and supply-chain expertise to facilitate the emirate's drive to deliver large quantities of COVID-19 vaccines around the world.

To learn more, visit:
www.maqta.ae

Digital Services

50 Mn
digital transactions

To date, Maqta Gateway has processed more than 50 mn digital transactions

Advanced Trade & Logistics Platform (ATLP)

ATLP streamlines trade and logistics services across Abu Dhabi, including sea, land, air, industrial and free zones

atlp ADVANCED TRADE & LOGISTICS PLATFORM

CLUSTER

DIGITAL Cont.

Driving efficiencies while opening opportunities in pharma and vaccines.

Higher revenue from the ADAFSA contract, plus the transfer of foreign labour business from the Economic Cities & Free Zones Cluster as part of a re-alignment, also drove top-line growth in the cluster.

The Digital Cluster's adjusted EBITDA grew in 2021 to AED 172 million from AED 17 million in 2020 and net profit rose to AED 163 million from AED 10 million in 2020, driven by lower indirect costs in proportion to the growth in revenue.

The Digital Cluster of AD Ports Group, which leverages digitalisation to make our Group ecosystem more efficient, had an exceptional year in 2021 as revenue more than tripled and EBITDA spiked 10-fold.

New innovations such as the creation of the mUnity platform, which enabled the distribution of more than 210 million doses of COVID-19 vaccine in the UAE and more than 60 countries, contributed to top-line growth.

Also driving the cluster's revenue was its ongoing migration of the Group from our in-house Port Community System (PCS) logistics platform to the Emirate-wide Advanced Trade and Logistics Platform (ATLP), which is becoming the single window of digital trade for Abu Dhabi.

Beginning in 2021, the Digital Cluster also began generating revenue to migrate from PCS to ATLP, an effort that began in 2016, on a percentage-of-completion basis. The cluster also had revenue from an external technology project it completed for the Abu Dhabi Agriculture and Food Services Authority (ADAFSA).

A significant proportion of the Digital Cluster's activity is undertaken for other clusters as it contributes to effective service delivery through digital means and enhances overall productivity across clusters.

The mUnity project was completed at the height of the COVID-19 pandemic in 2021, providing the technology backbone from which AD Ports Group was able to orchestrate a global effort to distribute COVID-19 vaccines as part of its leadership of the HOPE Consortium in the United Arab Emirates.

Created by the Digital Cluster in a few months, mUnity linked vaccine producers in real time around the world with AD Ports Group's network, dramatically speeding deliveries to more than 60 countries.

The platform's innovative feature allowed AD Ports Group to coordinate the production of vaccines for shipment in real time to the Group's newly built vaccine cold storage facilities in Abu Dhabi as well as the Group's Ports and Logistics clusters for delivery to health care providers around the world.

Without this unprecedented synchronisation of production, storage and distribution processes, the delivery of more than 210 million vaccines doses by the HOPE Consortium would have not been possible, and more people may have suffered from the virus.

mUnity helped drive revenues at other clusters assisting in the vaccine effort and positioned the Group in a few short months as a major global distributor of vaccines, opening a new business line.

Driving efficiency, and thus revenue and profit, will continue to be a core function of the Digital Cluster.

Looking ahead to 2022 and beyond, the Digital Cluster will continue to play a central role in supporting our ongoing profit growth by leveraging technology innovations to realise synergies as AD Ports Group expands organically and through mergers and acquisitions.

In 2021, the Digital Cluster's revenue more than tripled during the year to AED 360 million, while adjusted EBITDA rose to AED 172 million. The number of digital transactions performed within the cluster, a measure of the Group's performance output, rose 13% to 18.8 million in 2021.

The Digital cluster contributed 9% to Group revenue.

The 268% spike in cluster revenue was mainly due to recognition of work to migrate the PCS network to ATLP. ATLP will link AD Ports Group's stakeholders with 40 governmental entities, as well as air operators, logistics companies and economic zones.

> **The Digital cluster contributed 9% to Group revenue.**

FINANCIAL REVIEW

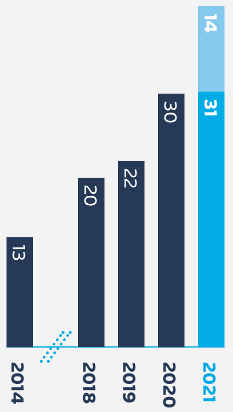
High level view of financial performance

Revenue (AED)	Adj. EBITDA (AED)	Net Profit (AED)	Earnings per Share (AED)	ROCE
3,910 Mn	1,601 Mn	853 Mn	0.22	4.9%
14% YoY growth	4% YoY growth	115% YoY growth	120% YoY growth	0.7% YoY reduction

2021 growth has been achieved through diversification, new leases and partnerships

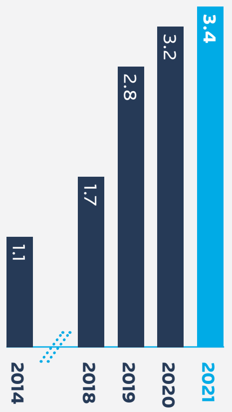
General Cargo
(million tonnes)

2021 volume increase mainly on the back of new products handled



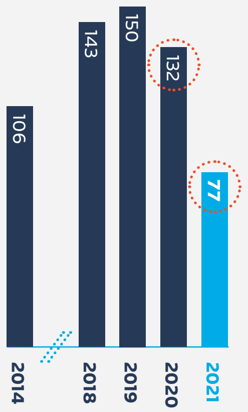
Containers
(million TEUs)

2021 volume growth subdued due to temporary COVID-19 impact on trade and acute shortage of empty containers



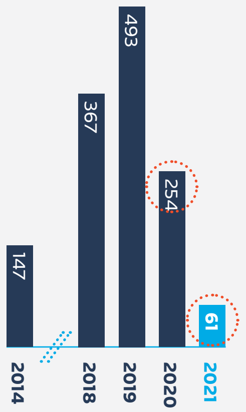
Ro-Ro
(thousand units)

Decrease in 2021 driven by global COVID-19 measures and temporary reduction in vehicle volumes



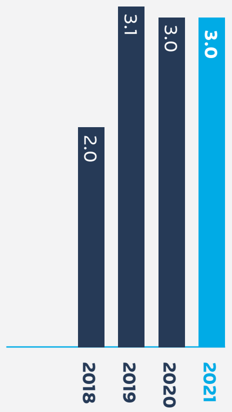
Cruise Passengers
(thousands)

...Similarly 2021 decrease in passenger volumes are a result of the pandemic



Land Lease
(million m²)

Stable new land leases secured in spite of the pandemic



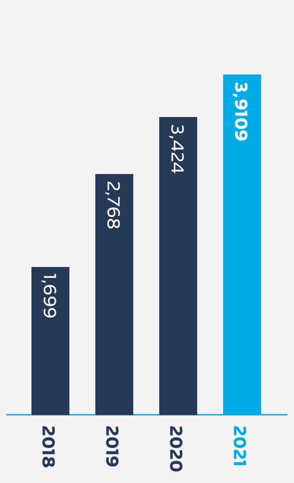
One-off sand supply project

Temporary COVID-19 Impact

Solid Financial Performance and Position

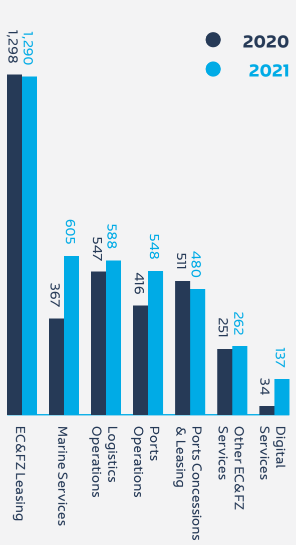
Revenue
(AED Mn)

Organic growth supported by new partnerships, higher volumes across key business streams and specific COVID-19 service offerings



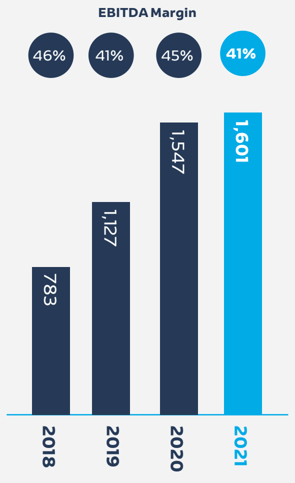
Revenue Breakdown
(AED Mn)

Revenue increase across business lines with growth in industrial zone leasing and port operations contributing to 59% of the revenue growth



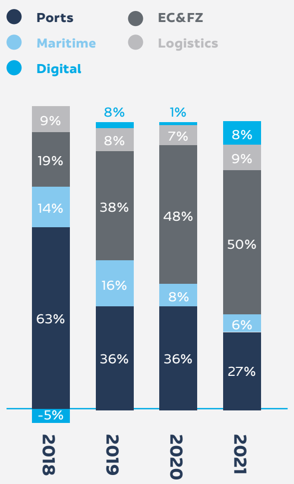
Adjusted EBITDA
(AED Mn)

Higher EBITDA on the back of revenue growth across all clusters. Decline in margins is driven by diversification into certain relatively lower margin businesses



EBITDA by Cluster
(%)*

Increased Economic Cities & Free Zones EBITDA contribution driven by ZonesCorp integration to the portfolio



Source: Company Disclosures

*Excludes corporate charges/ eliminations

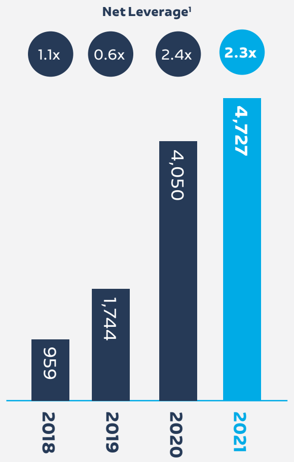
Note: Adjusted EBITDA is calculated by adding depreciation and amortisation, finance costs, impairment of investment properties and subtracting government grants, fair value gain on pre-existing interest in a joint venture and finance income to the net profit

2019 reflects restated numbers including ZonesCorp

USD/AED conversion rate 3.67

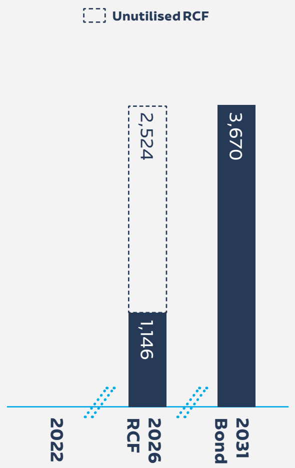
Debt
(AED Mn)

Debt decreased marginally pursuant to equity infusion from ADQ; leverage levels continue to be healthy



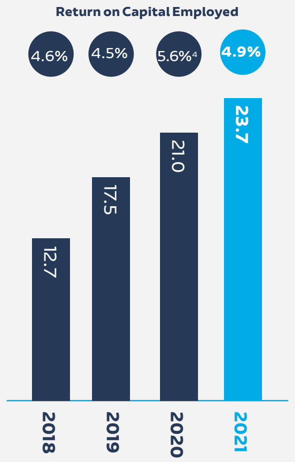
Debt Maturity Profile
(AED Mn)

Well-managed maturity profile supplemented by an unutilised liquidity facility



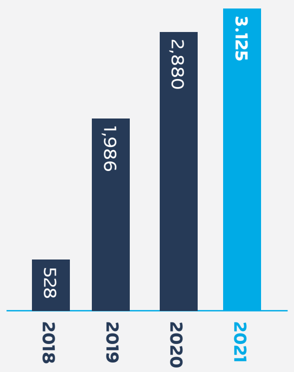
Capital Employed
(AED Bn)

Temporary decline in ROCE due to increase in capital employed across the clusters, especially in the Ports and EC&FZ Cluster



CAPEX
(AED Mn)

Continued growth-related CAPEX



Source: Company Disclosures

Note:
1. Net leverage calculated as borrowings (including bank overdrafts) less cash and bank balances divided by Adjusted EBITDA
2. Invested capital employed is the sum of total equity, borrowings, deferred government grant, lease liabilities and amounts payable to project companies excluding cash
3. 2019 reflects restated numbers including ZonesCorp
4. Adjusted ROCE is calculated as Earnings before Interest and Impairment divided by Equity, Lease Liabilities, Gov. Grant and External Borrowings less Cash
5. 2020 ROCE is calculated pre-impairment

USD/AED conversion rate 3.67

FINANCIAL REVIEW Cont.

Sustaining long-term growth with a resilient business ecosystem

The holistic nature of AD Ports Group's business model came to bear again in 2021, as trade disruptions brought on by the COVID-19 pandemic negatively affected profit growth in the container shipping, Ro-Ro (roll-on, roll-off vehicle) and passenger cruise businesses. However, the rest of the business ecosystem witnessed strong growth, enabling full-year records in Group revenue and net profit, thereby mitigating the temporary COVID-19 effect.

This resilience in the face of market headwinds highlighted once again the vitality of our integrated business model, which is built on a foundation of long-term client contracts and concessions with a typical contract tenure of more than 35 years, which account for around 60% of Group revenue.

Our fleet-footed response to the COVID-19 pandemic also opened growth horizons. New purpose-built cold storage infrastructure accelerated AD Ports Group's entry into the food supply and vaccine distribution sectors and enabled delivery of more than 210 million COVID-19 vaccines within the UAE and to more than 60 countries.

On a financial structural level, AD Ports Group took major steps during 2021 to mature as a global corporation and a rising global leader in international trade, commerce, and industrial development.

Through various key events and in line with its long-term strategy, AD Ports Group recorded revenue and EBITDA growth for the 14th and 10th consecutive years, respectively. On that backdrop, AD Ports Group entered 2022 on a robust growth trajectory, further accelerating its expansion and transitioning to public ownership.

Consolidated Performance

Group revenue rose 14% in 2021 to AED 3.910 billion, supported by revenue growth across all five business clusters. Adjusted EBITDA for the year increased by 4% to AED 1.601 billion supported by all segments except for Ports and Maritime, which were temporarily impacted by COVID-19 and the ramp up of new businesses.

The adjusted EBITDA margin fell by 4 percentage points to 41%, driven by diversification into certain relatively lower-margin, strategic and synergistic businesses.

Net profit development of the Group was impacted by impairment on investment property in 2020, which resulted in the net profit more than doubling in 2021 to AED 853 million.

The Group recorded certain material one-off revenue and cost in 2020 as below:

- Revenue of AED 175 million recorded in 2020 from recognition of contingent assets pursuant to finalisation of a lease in ZonesCorp
- An ex-gratia payment of AED 108 million in 2020 to an unrelated third party as compensation for certain cost incurred due to transition of business to AD Ports Group
- An impairment charge of AED 459 million in 2020 related to the Razeen workers residential city in ZonesCorp as part of the financial integration. In 2021, AED 26 million of the impairment was reversed pursuant to an updated valuation performed by external valuers.

Considering the above adjustments, revenue growth was higher at 20% while adjusted EBITDA and net profit grew at 8% and 5% respectively in 2021.

Economic Cities & Free Zones (EC&FZ)

EC&FZ, the largest cluster, contributed 37% and 68% to the consolidated revenue and adjusted EBITDA respectively in 2021. In spite of one-off revenue of AED 175 million in 2020 from finalisation of a contract with retroactive effect, EC&FZ revenue witnessed an increase of 1% to reach AED 1.568 billion in 2021, benefitting from Razeen worker residential cities temporarily being leased out as COVID-19 isolation and quarantine facilities, new land leases signed and higher utility tariffs. The revenue of the cluster was impacted negatively in 2021 pursuant to transfer of the foreign labour services business to Digital Cluster as part of the ZonesCorp integration, which contributed to AED 75 million of revenue and AED 22 million of adjusted EBITDA in 2021. Adjusted EBITDA of the cluster increased by 7%, driven by revenue growth and cost synergies from integration of KIZAD and ZonesCorp. Net profit rose 419% in 2021 to AED 675 million, mainly due to the impairment of investment property in 2020.

Ports

The Ports Cluster contributed 25% and 37% to the consolidated revenue and adjusted EBITDA of the Group. Revenue of the Ports Cluster increased 13% in 2021 to reach AED 1,063 million. While certain revenue streams of the Ports Cluster, such as Ro-Ro, cruise, and containers, were impacted by COVID-19, overall revenue increased pursuant to the record general cargo volumes of 45 million tonnes handled in 2021, which included new commodities handled on a temporary opportunistic basis. Ports Cluster also benefitted from the internal transfer of certain revenue streams from the Maritime Cluster in 2021.

However, adjusted EBITDA and net profit of the cluster declined by 21% and 26% respectively pursuant to the relatively lower margin profile of the revenues earned from new commodities.

Logistics

The Logistics Cluster contributed 14% and 12% to Group consolidated revenue and adjusted EBITDA respectively in 2021. The launch of pharma and vaccine logistics hub as well as increases in the contract and road logistics businesses of the cluster resulted in a revenue growth of 8% in 2021 to reach AED 607 million. Adjusted EBITDA and net profit of the cluster increased by 22% and 24% in 2021, driven by growth in revenue and scale benefits.

Maritime

The Maritime Cluster contributed 15% and 8% to overall Group consolidated revenue and adjusted EBITDA respectively in 2021. Although revenue of the cluster was impacted by the transfer of certain revenue streams complementary to the Ports Cluster, the Maritime Cluster witnessed a revenue increase of 65% to reach AED 607 million in 2021 through diversification into several new businesses including feedering, transshipment and offshore services.

However, the overall adjusted EBITDA and net profit of the cluster declined 34% and 56%, respectively, pursuant to the transfer of certain high-margin business to the Ports Cluster, while the new business streams had a lower margin profile pursuant to its nature and initial ramp-up period.

Digital

The Digital Cluster contributed 9% and 11% to consolidated Group revenue and adjusted EBITDA respectively in 2021. Revenue of the cluster grew by 268% in 2021 to reach AED 360 million, driven by increased revenue from ATLP, the national trade single window, as well as Abu Dhabi Maritime and Abu Dhabi Agriculture and Food Safety Authority projects coupled with the transfer of foreign labour services business from the EC&FZ Cluster as part of a cluster re-alignment. Adjusted EBITDA of the cluster increased to AED 172 million, up from AED 17 million in 2020, whereas net profit grew to AED 163 million, up from AED 10 million in 2020, driven by growth in revenue and the transfer of foreign labour services businesses.

Corporate

Corporate costs of the Group amounted to AED 542 million in 2021, a decline of 6% from 2020. The decline was pursuant to a one-off ex-gratia payment of AED 108 million paid to an unrelated party in 2020. On an adjusted basis, corporate costs increased by 16% in 2021, pursuant to increasing bench strength for becoming a public company and accelerating international growth.

FINANCIAL REVIEW Cont.

Cash Flows from Operating Activities
Cash flow from operating activities increased from AED 421 million in 2020 to AED 787 million in 2021, up by 87% despite the prolonged COVID-19 impact. This significant increase in operating cash flows was mainly due to higher revenue and collections from customers.

Capital Expenditure
Consolidated capital expenditure during 2021 was AED 3.125 billion with investments primarily in the Ports and Economic Cities & Free Zones Clusters. Major capital expenditures pertained to Khalifa Port South Quay, Khalifa Logistics Port, warehouses, cold stores and expansion of the vessel fleet.

With planned organic capital expenditure of around AED 15 billion expected during 2022-2026 across clusters to expand Khalifa Port, maritime fleet, economic cities and several other projects, AD Ports Group anticipates continuing 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
Until the beginning of 2021, AD Ports Group's financing requirements were catered for through bilateral short-term revolving credit facilities expiring in 2021. The Group sought to align its debt funding with the nature of the underlying assets i.e. generally long-term with limited exposure to interest, currency and asset-liability mismanagement risks. The Group's capital structure policy is anchored on maintaining a stand-alone investment-grade credit rating on a long-term sustainable basis. Debt funding will generally be secured at the Group level to leverage its scale and optimise portfolio synergies thereby minimising funding cost while seeking to maximise shareholders' returns. The strategy is to utilise bonds as the predominant long-term funding vehicle with a revolving credit facility serving as the liquidity backstop.

In line with the strategy, AD Ports Group, in 2021, issued unsecured USD 1 billion 10-year bonds under a Euro Medium Term Note Programme, which was jointly listed on the London Stock Exchange (LSE) and Abu Dhabi Securities Exchange (ADX). The issue was priced at a coupon of 2.5%, the lowest coupon rate achieved by any government related entity at the time of issuance. As a liquidity backstop, the Group also availed a syndicated revolving credit facility with a consortium of local and international banks with a term of 3 years with an extension option of 2 years at one-year increments and carries an effective interest rate of 0.85% - 1.00% over LIBOR depending on the facility utilisation.

Total equity increased from AED 7.756 billion at the end of 2020 to AED 10.691 billion at the end of 2021, mainly due to the net profit for the year and equity injection by ADQ to enhance the capital structure of the Group for future growth.

The Group's capital structure on 31 December 2021 comprised 31% 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. 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.

In September 2021, ADQ announced its intention to list AD Ports Group on ADX, which was completed in February 2022. As part of the process, the Group made its first equity placement through a pre-listing private placement in February 2022, raising AED 4 billion for organic growth and acquisitions. Post ADX listing, the majority shareholder of the Group, ADQ, holds a 75.44% stake.

Other Key Subsequent Events
In January 2022 ADQ transferred to AD Ports Group a 22.32% stake in the integrated transport and logistics player Aramex and a 10% stake in National Marine Dredging Company PJSC (NMDC). Those stakes added approximately AED 2.5 billion in assets to the balance sheet of AD Ports Group. These strategic investments are complementary to the Group's Logistics and Maritime Clusters as well as the ecosystem as a whole.

The Group also completed the acquisitions of Divetech Marine Engineering Services and Alligator Shipping Container Line to enhance its maritime services.

Divetech is a UAE-based topside-subsea solutions provider. Divetech offers a range of solutions including installation, inspection, repair and maintenance of underwater pipelines, nuclear plants, offshore platforms, refineries and ports. The acquisition will expand the maritime and offshore services offered by the Maritime Cluster and position it as a leading player in the region.

Alligator Shipping is a UAE based Non-Vessel Owning Container Carrier (NVOCC) covering customers in UAE and India. The acquisition will further support and strengthen the feedering business of the Maritime Cluster.

As we enter 2022 as a publicly listed company, AD Ports Group remains committed to maximizing shareholder value as it continues its strategy of becoming an international leader in integrated ports, industrial development, maritime and logistics services. With world-class facilities such as Khalifa Port and a land bank of more than 550 km2 for industrial and logistics development, AD Ports Group has the resources, strategy and return-generating business ecosystem to realise its long term vision.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

IN THIS SECTION

BOARD OF DIRECTORS

H.E. Falah Mohammad Al Ahbabi
Chairman

Chairman of Abu Dhabi Department of Municipalities and Transport; Member of the Abu Dhabi Executive Council

Khalifa Sultan Al Suwaidi
Board Member
Vice Chairman

Chief Executive Officer at Abu Dhabi Growth Fund (ADG); Chairman of Agthia Group

H.E. Mohamed Ibrahim Al Hammadi
Board Member

Managing Director & Chief Executive Officer of the Emirates Nuclear Energy Corporation (ENEC)

Najeeba Al Jabri
Board Member

Vice President – Technical Midstream of the Emirates Global Aluminium Group

Jasim Husain Thabet
Board Member

Chief Executive Officer of TAQA

Mansour Mohamed Abdulqader Al Mulla
Board Member

Managing Director and Chief Executive Officer, EDGE Group

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO

Joined in 2008, appointed CEO in 2014. Chairman of Aramex PJSC, ADNEC and KIZAD

EXECUTIVE MANAGEMENT

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO

Dr Noura Al Dhaheri
Head of Digital Cluster

Abdullah Al Hameli
Head of Economic Cities & Free Zones Cluster

Robert Sutton
Head of Logistics Cluster

Captain Maktoum Al Houqani
Chief Corporate Authority Officer and Head of Maritime Cluster

Saif Al Mazrouei
Head of Ports Cluster

Ross Thompson
Chief Strategy & Growth Officer

Emil Pellicer
General Counsel

Martin Aarup
Chief Financial Officer

CORPORATE GOVERNANCE & RISK MANAGEMENT

A history of self-scrutiny, transparency and industry best practices

Years before its public equity listing in early 2022, AD Ports Group began building the foundation of a strong corporate governance and risk management framework that has become a strategic asset, establishing healthy practices and a culture of continuous improvement.

IN ACCORDANCE WITH UAE SECURITIES AND COMMODITIES AUTHORITY (SCA) REGULATIONS:

AD Ports Group is preparing its first comprehensive annual Corporate Governance and ESG reports. Until then and in the interest of transparency to shareholders and the public, AD Ports Group offers the following high-level summary of our governance, compliance and risk management frameworks and guidelines.

CORPORATE GOVERNANCE

Years before its public equity listing, AD Ports Group voluntarily began putting in place a matrix of corporate oversight and compliance mechanisms that rival those of publicly listed companies. AD Ports Group pursued this shareholder-friendly strategy from its founding in 2006, even though it was under no legal obligation to do so, to align with industry best practices and prepare for its eventual public listing.

At a supervisory level, AD Ports Group is overseen by a Board of Directors whose members, except for the Group Chief Executive Officer, are independent and not employed by AD Ports Group or its subsidiaries.

The seven members of AD Ports Group's Board of Directors are strategic executives, and include leaders from key businesses and ministries that work closely with AD Ports Group such as the Abu Dhabi Executive Council, the Abu Dhabi Department of Municipalities and Transport, the Abu Dhabi Waste Management Centre (Tadweer), the Abu Dhabi electric utility TAQA, Etihad Rail, Etihad Aviation Group, the Abu Dhabi Environment Agency, EDGE, Abu Dhabi Growth Fund, Emirates Nuclear Energy Corporation, Emirates Global Aluminium (EGA), and Abu Dhabi Developmental Holding Company (ADQ), the Abu Dhabi state holding company that following our February 2022 public listing holds a 75.44% majority stake in AD Ports Group.

These non-executive Board members bring to AD Ports Group invaluable expertise in areas such as real estate development, mergers and acquisitions, environmental protection, waste disposal and energy.

Board members meet at least four times each year and the minutes of meetings are recorded.

The responsibilities and duties of the Board have been structured to ensure maximum scrutiny of the direction and performance of AD Ports Group and its executive management. For more than a decade, the Board of Directors has operated both an Audit & Risk Committee and a Human Resources and Remuneration Committee to review the Group's financial performance and compensation practices, among their many other responsibilities.

In 2021, reflecting the increasing importance of inorganic growth to AD Ports Group's future, a Strategy & Investment Committee was established to further support and guide management.

For more than 20 years, the main businesses that eventually became part of AD Ports Group have operated under an official Code of Conduct that lays out in detail rules and company regulations governing workplace procedures and behaviours in all Group operating units and, for more than a decade, has established and enforced policies covering bribery, harassment and whistleblowing.

AD Ports Group has been audited each year by independent global auditing firms for more than a decade. Our current auditing firm is Deloitte. Our auditing firms are changed in line with regulatory requirements.

An official Delegation of Authority (DoA) in place for over a decade delineates decision-making authority between the non-executive Board of Directors and AD Ports Group's executive management team, which includes the Group CEO and top executive officers. Currently, decisions involving outlays above certain thresholds must be approved by the Board of Directors, which also approves the annual business plan and appoints the Group CEO. The DoA is detailed in breadth and scope and ensures that approvals for different types of expenditures are obtained from relevant, qualified decision makers.

At the executive management level, a similar matrix of independent controls and checks and balances ensures the efficient, productive operation of AD Ports Group's business and guards against conflicts of interest and corporate malpractice. The current five-member Executive Committee meets regularly to oversee the operations and performance of the Group. The committee includes the Group CEO, as well as the Chief Financial Officer, the General Counsel, the Chief Strategy & Growth Officer and the Chief Corporate Authority Officer.

The executive management's duties and responsibilities are carried out through a series of sub-committees that ensure efficient, value-enhancing growth. The Tender Board deals with tendering and purchases of AED 1 million or more. The Investment Committee advises on potential capital expenditure investments by the Group. The Executive Committee reviews and approves all key non-investment decisions by the five business clusters.

Each business cluster is also overseen by its own Cluster Board, whose members include executives from other parts of the company who bring an independent perspective and ensure that each cluster, while maximising its performance, takes decisions that strategically benefit the entire AD Ports Group.

In 2022, AD Ports Group began the process of appointing independent chairpersons to each Cluster Board who come from a related business area but are not employed by AD Ports Group or its subsidiaries.

RISK MANAGEMENT

Minimising business risk is in the corporate DNA of AD Ports Group and lies at the heart of its strategy to grow through five interconnected but independent clusters: Economic Cities & Free Zones, Ports, Logistics, Maritime and Digital. By spreading risk in this way, AD Ports Group consistently generates growth even as one or more clusters comes under pressure. The AD Ports Group's business ecosystem mitigates risk by capturing synergies between the clusters and creates an incentive for cluster managers to pursue growth that benefits the broader Group.

In a holistic sense, the AD Ports Group is the opposite of a monoculture forest that is susceptible to threats that cause widespread damage. From a business standpoint, AD Ports Group is structured like an old-growth mixed forest, whose strength derives from its variety and multifaceted character, producing healthy growth under all types of market conditions.

On a corporate level, AD Ports Group has a long history of regularly identifying, assessing and mitigating business risks at both the supervisory and management levels. In accordance with SCA regulations, AD Ports Group has appointed a Chief Risk & Compliance Officer, who operates independently of management and reports directly to the Board of Directors' Audit & Risk Committee. All aggregated risk issues reside with the Chief Risk & Compliance Officer.

At the supervisory level, the Audit & Risk Committee of AD Ports Group's non-executive Board of Directors regularly reviews and assesses business risk for the Group.

At the executive management level, each business cluster is required to review cluster risks on a regular basis and present those to the executive management team for their consideration and approval.

SUSTAINABILITY

A guardian of Abu Dhabi's marine environment and a leader in sustainable growth

At AD Ports Group, sustainability guides all facets of our operations.

We deeply care for the environment – onshore and offshore. Our efforts are aligned with Abu Dhabi regulatory authorities, and national and international rules and regulations. Back in 2011, we were accredited with ISO 14001:2004, the international standard for environmental management systems. We are now accredited with the latest ISO standards for environmental management systems and for occupational safety and health, ISO-14001:2015 and ISO 45001: 2018, respectively.

As an active participant in green port initiatives, AD Ports Group systematically looks for ways to make our operations more environmentally sustainable.

For example, we are using the latest green technologies and practices to protect Ras Ghanada, the region's largest coral reef and sea meadows next to Khalifa Port.

Protecting Ras Ghanada drove our decision to begin moving coral colonies in 2021 to ensure their long-term health and survival under a multi-year effort with New York University-Abu Dhabi and the Abu Dhabi Environment Agency.

Sustainability concerns motivated our decision to place Khalifa Port island 3 km offshore and to build an 8 km environmental breakwater at a cost of AED 800 million to shield the fragile reef and sea grasses from contamination, turbidity and unwanted temperature fluctuations from port operations.

Business optimisation enables our Group to more efficiently each year operate our Economic Cities & Free Zones (EC&FZ), Ports, Logistics, Maritime and Digital business clusters, consistently saving energy and waste, and reducing our environmental footprint.

Our EC&FZ Cluster, for example, has made it a priority to attract environmental tech companies that help AD Ports Group become a major driver of sustainability in the region.

In 2021, EC&FZ signed an agreement with Lepidico of Australia, which is investing AED 348 million at KIZAD to make lithium batteries, which will drive the electric vehicle revolution in the United Arab Emirates.

EC&FZ's agreement with Helios Industry will build an AED 3.67 billion hydrogen energy production facility at KIZAD that makes green ammonia from an 800 MW solar power plant.

Our Maritime Cluster is the official guardian of Abu Dhabi's marine environment, and part of its broad mandate includes developing maritime sector strategy, and implementing and monitoring all regulations, codes and health, safety, environment, and quality standards.

We are the caretakers of Abu Dhabi's waterways and coastline, and we take our responsibility seriously.

We are guided by our commitment to the people of Abu Dhabi, the GCC and the world. AD Ports Group is one of the biggest drivers of non-oil-related economic growth in Abu Dhabi. In 2020, our Group generated 21% of all non-oil GDP in the Emirate, the biggest single contribution of any company.

We are proud of our role in supporting Abu Dhabi's sustainable economic growth and we actively look for new ways each year to enhance regional quality of life through our actions.

In 2021, we created a cold-storage infrastructure at KIZAD that enabled the HOPE Consortium to deliver more than 210 million COVID-19 vaccines to residents of the UAE and more than 60 countries around the world.

Our employees worked tirelessly during the pandemic to create vaccine storage infrastructure in record time, which enabled the UAE's quick and effective response to the virus. In 2022, we plan to quadruple our cold storage capacity to 91,000 m^2 as we anticipate further growth.

Increasingly, we are incorporating new technologies to reduce our environmental footprint. Some autonomous vehicles are already being used at Khalifa Port and our teams are investigating the use of autonomous vessels in our Ports ecosystem.

While development of an autonomous tugboat will take time, AD Ports Group is beginning to design vessels that can one day be converted to run on clean-burning hydrogen fuel.

Our landmark 35-year concession agreement with French mainline container shipping company CMA CGM foresees a semi-automated container terminal at Khalifa Port.

These are just a few examples of AD Ports Group's commitment to sustainability. Following our first equity placement in February 2022, the Group plans to publish a full Sustainability Report in 2023.

In that report, we will detail our efforts to create one of the world's fastest-growing, integrated ports, industrial development, logistics, and maritime groups – shaped on sustainability principles.

> **We are the caretakers of Abu Dhabi's waterways and coastline, and we take our responsibility seriously.**

OUR PEOPLE

An engaged, diverse team of top performers

Operating one of the world's fastest-growing ports, industrial development and logistics hubs requires dedication, quick-thinking and teamwork. At AD Ports Group, we take pride in helping employees reach their full potential, knowing that our growth depends on their growth.

In the United Arab Emirates and across the Gulf Cooperation Council (GCC) region, the AD Ports Group is a leader in workplace health, safety, and employee development. As of the end of 2021, the Group had 2,533 full-time employees, who are known for their loyalty and commitment to excellence.

Such dedication is why AD Ports Group was the first company chosen in the Middle East to receive the Investors in People IIP Platinum Accreditation, the highest accolade from an international rankings group that assesses workplace practices at 50,000 organisations in 66 countries.

In 2021, AD Ports Group earned IIP Platinum Accreditation for a third consecutive year. The recognition reflects our Group's success at improving workplace quality even during the challenges of the COVID-19 pandemic, when we provided housing, vaccines, testing and support.

In a year when employee health and safety took on new meaning, AD Ports Group set standards in human capital resource management. The Group's Total Recordable Injury Rate fell in 2021 to 0.4 per one million hours worked from 0.54 in 2020 and 1.06 in 2019. The Group's Turnover Rate measuring white-collar workers transitioning out of the company remained at a low level of 5.6% in 2021.

Despite significant changes to work routines caused by the pandemic and inclusion of new members to our corporate family through mergers and acquisitions, Employee Satisfaction at AD Ports Group remained high during the year at 85%, according to our 2021 survey.

Our commitment to diversity also grew. The number of women working for AD Ports Group increased to 304 in 2021, and our workforce included 51 nationalities.

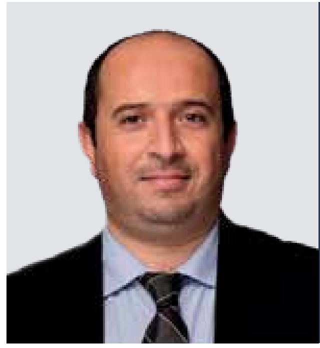
Our Glow Program to accelerate the careers of high-potential Emirati women managers is creating a path for women aspiring to our Board Room.

The number of employees in AD Ports Group's maternity and paternity leave programs grew and we saw a significant increase in demand for in-house employee development training. The number of training hours booked by male employees rose to 25,009 in 2021, and women booked 9,595 hours. Men and women in our Group donated 16,736 hours volunteering in their local communities.

Two major initiatives helped define our commitment to employees during 2021.

The first was our comprehensive approach to employee care during COVID-19. AD Ports Group opened the Razeen isolation and quarantine facility to help limit spread of the virus, conducted 20,000 PCR tests, and offered mental health support to workers through our Happiness Doctor program. The initiative gave workers free access to mental health specialists to discuss challenges faced at home and at work. AD Ports Group also introduced risk allowances to compensate frontliners exposed to risk perils during the pandemic.

The second major initiative was the ongoing integration of employees from ZonesCorp into the Economic Cities & Free Zones Cluster following the 2020 merger of ZonesCorp and Khalifa Industrial Zone Abu Dhabi (KIZAD). During 2021, AD Ports Group integrated 250 ZonesCorp employees into the cluster by conducting 1-on-1 interviews with each employee and mapping their new career paths.



Mohamed Berrachiche
Administrative Support Supervisor, Economic Cities & Free Zones Cluster

Mohamed played a pivotal role during 2021 in unifying the work processes in the ZonesCorp and KIZAD merger, creating a single corporate identity that drove sales and profit.

Omar Boughdadi
Senior Officer
Corporate Cluster

Omar was a mainstay during COVID-19 at the Group's Razeen workers community, volunteering 5,488 hours to help colleagues. In September 2021, Omar won the Kafu AD Ports Group's Value Ambassador Award.

Layla Al Blooshi
Customer Support
Digital Cluster

Layla drove the Digital Cluster agenda during 2021 with her ability to handle customer requests, logging nearly 600 calls during the month of July alone. She was named the Group's Kafu Employee of the Month in August.

Pravat Ranjan Giri
Middleware Specialist
Digital Cluster

Pravat's efforts helped the Group realise major IT projects during 2021, like the live implementation of Fujairah Port and design of Mussafah 2. He was AD Ports Group's Value Ambassador in November 2021.

FINANCIAL STATEMENTS

IN THIS SECTION

REPORT OF THE BOARD OF DIRECTORS
For the year ended 31 December 2021

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 2021.

Results of the year

During the year, the Group earned revenue of AED 3,909,663 thousand (2020: AED 3,423,897 thousand) and profit for the year amounted to AED 853,344 thousand (2020: AED 397,008 thousand).

Accounts

The Directors have reviewed and approved the consolidated financial statements of the Group for the year ended 31 December 2021.

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 Sultan Hazim Al Suwaidi	Vice Chairman
Captain Mohamed Juma Al Shamisi **(Appointed with effect from 6 December 2021)**	Managing Director
Mr. Jasim Husain Ahmed Thabet	Member
Mr. Mansour Mohamed Abdulqader Mohamed Al Mulla	Member
Ms. Najeeba Hassan Mubarak Khudaim Al Jabri **(Appointed with effect from 6 December 2021)**	Member
H.E. Mohamed Ibrahim Mohamed Ibrahim Al Hammadi **(Appointed with effect from 6 December 2021)**	Member
Mr. Murtaza Hussain **(Resigned with effect from 6 December 2021)**	Member

Release

The Directors release the external auditor and management from any liability in connection with their duties for the year ended 31 December 2021.

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 2022.

On behalf of Board of Directors

Chairman

Abu Dhabi
United Arab Emirates

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 2021 and the consolidated statements of profit or loss, comprehensive income, changes in equity and 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 2021, 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.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 22 April 2021.

Key audit matter

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 matter we identified and have included a summary of the audit procedures we performed to address the matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI PORTS COMPANY PJSC Cont.

Report on the audit of the consolidated financial statements cont.

Key audit matter cont.

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 and logistic operations, concessions, and marine, industrial and digital services. The Group reported revenue of AED 3,910 million. 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. Refer to Note 3 to the consolidated financial statements for the accounting policy and Note 23 for the revenue disclosure.	**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 recognised therewith. **Performing the following substantive audit procedures:** • Substantive analytical procedures to identify inconsistencies and/or unusual movements during the year; • Tests of details on a sample basis to examine the relevant supporting documents to ensure the occurrence and accuracy of the recorded revenue transactions during the year; and • Tests of details on a sample of transactions before and after the year end to verify revenue recognition in the correct reporting period. Assessing the overall presentation, structure and content of revenue related disclosures in Note 23 to the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI PORTS COMPANY PJSC Cont.

Report on the audit of the consolidated financial statements cont.

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. (2) of 2015 (as amended), 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI PORTS COMPANY PJSC Cont.

Report on the audit of the consolidated financial statements cont.

Auditor's responsibilities for the audit of the consolidated financial statements cont.

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 matter. 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI PORTS COMPANY PJSC Cont.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- 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 Law No. (2) of 2015 (as amended);
- 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 and records of the Group;
- Note 3 reflects the Group's investments in shares during the financial year ended 31 December 2021;
- Note 29 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- Note 25 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 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 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 2021:

- 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 Subject Entities;
- Law of establishment;
- Ministerial resolution No. 228 for the year 2006; and
- Relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

Deloitte & Touche (M.E.)

Obada Alkowatly
Registration No. 1056
Abu Dhabi
United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	17,152,182	15,374,891
Investment properties	6	3,637,855	3,458,019
Intangible assets and goodwill	7	224,043	234,733
Right-of-use assets	8	635,409	665,026
Investment in joint ventures	9	455,493	428,730
Financial asset at fair value through other comprehensive income	10	58,788	58,788
Trade and other receivables	11	1,778,980	1,448,074
Prepayments and advances	12	45,600	-
TOTAL NON-CURRENT ASSETS		**23,988,350**	**21,668,261**
Current assets			
Inventories	13	25,260	16,506
Trade and other receivables	11	2,395,316	1,817,280
Short term loans to a related party	29	-	700,000
Prepayments and advances	12	451,308	379,394
Property held for sale	36	237,000	-
Cash and bank balances	14	1,051,274	271,411
TOTAL CURRENT ASSETS		**4,160,158**	**3,184,591**
TOTAL ASSETS		**28,148,508**	**24,852,852**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	3,840,000	3,840,000
Statutory reserve	16	379,861	295,292
Assets distribution reserve	16	(22,063)	(22,063)
Cash flow hedge reserve	16	(97,039)	(134,175)
Merger reserve	16	1,319,288	1,319,288
Retained earnings		3,148,645	2,387,520
Owner's contribution	29	2,069,710	33,343
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY		**10,638,402**	**7,719,205**
NON-CONTROLLING INTERESTS		**52,546**	**36,976**
TOTAL EQUITY		**10,690,948**	**7,756,181**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000 (Restated)
LIABILITIES			
Non-current liabilities			
Deferred government grants	17	6,270,793	6,353,703
Provision for employees' end of service benefits	18	120,011	97,323
Payable to the project companies	19	2,150,564	2,164,318
Lease liabilities	8	713,460	738,320
Bond payable	20	3,581,021	-
Trade and other payables	22	343,753	416,477
TOTAL NON-CURRENT LIABILITIES		**13,179,602**	**9,770,141**
Current liabilities			
Deferred government grants	17	131,919	106,985
Payable to the project companies	19	273,508	264,729
Lease liabilities	8	91,809	92,129
Bank borrowings	21	1,146,132	4,050,000
Trade and other payables	22	2,634,590	2,812,687
TOTAL CURRENT LIABILITIES		**4,277,958**	**7,326,530**
TOTAL LIABILITIES		**17,457,560**	**17,096,671**
TOTAL EQUITY AND LIABILITIES		**28,148,508**	**24,852,852**

H.E. Falah Al Ahbabi
Chairman

Mohamed Al Shamisi
Chief Executive Officer

Martin Aarup
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 2021

	Notes	2021 AED'000	2020 AED'000
Revenue	23	3,909,663	3,423,897
Direct costs	24	(2,010,672)	(1,642,899)
GROSS PROFIT		**1,898,991**	**1,780,998**
General and administrative expenses	25	(683,844)	(564,615)
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivables	11	(20,508)	(92,394)
Selling and marketing expenses		(65,010)	(29,542)
Share of results from joint ventures	9	29,248	51,017
Reversal/(impairment) of investment properties	6	25,813	(458,900)
Finance costs	27	(341,844)	(326,538)
Finance income		627	4,645
Other income, net	28	9,871	32,337
PROFIT FOR THE YEAR		**853,344**	**397,008**
Attributable to the owners of the Company	37	845,694	394,432
Non-controlling interests		7,650	2,576
		853,344	397,008
BASIC AND DILUTED EARNINGS PER SHARE (AED)	30	**0.22**	**0.10**
ADJUSTED EBITDA	31	**1,600,772**	**1,546,545**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
PROFIT FOR THE YEAR		853,344	397,008
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to statement of profit or loss:			
Equity accounted investees – Share of OCI	16	37,136	(30,394)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**37,136**	**(30,394)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**890,480**	**366,614**
ATTRIBUTABLE TO:			
Owner of the Company		882,830	364,038
Non-controlling interests	37	7,650	2,576
		890,480	**366,614**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital AED '000	Statutory reserve AED '000	Assets distribution reserve AED '000	Cash flow hedge 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
Balance at 1 January 2020	3,840,000	255,849	(22,063)	(103,781)	1,520,656	2,032,531	-	7,523,192	2,890	7,526,082
Profit for the year	-	-	-	-	-	394,432	-	394,432	2,576	397,008
Other comprehensive loss for the year	-	-	-	(30,394)	-	-	-	(30,394)	-	(30,394)
Total comprehensive income for the year	-	-	-	(30,394)	-	394,432	-	364,038	2,576	366,614
Establishment of a subsidiary (restated)	-	-	-	-	-	-	-	-	31,510	31,510
Transferred to statutory reserve	-	39,443	-	-	-	(39,443)	-	-	-	-
Owner's contribution	-	-	-	-	-	-	33,343	33,343	-	33,343
Acquisition consideration of ZonesCorp (Note 16(d))	-	-	-	-	(201,368)	-	-	(201,368)	-	(201,368)
Balance at 1 January 2021 (restated)	3,840,000	295,292	(22,063)	(134,175)	1,319,288	2,387,520	33,343	7,719,205	36,976	7,756,181
Profit for the year	-	-	-	-	-	845,694	-	845,694	7,650	853,344
Other comprehensive income for the year	-	-	-	37,136	-	-	-	37,136	-	37,136
Total comprehensive income for the year	-	-	-	37,136	-	845,694	-	882,830	7,650	890,480
Transferred to statutory reserve	-	84,569	-	-	-	(84,569)	-	-	-	-
Owner's contribution	-	-	-	-	-	-	2,036,367	2,036,367	-	2,036,367
Additional shareholder's contribution in a subsidiary (note 37)	-	-	-	-	-	-	-	-	8,997	8,997
Dividend declared to non-controlling interests in a subsidiary (note 37)	-	-	-	-	-	-	-	-	(1,077)	(1,077)
BALANCE AT 31 DECEMBER 2021	**3,840,000**	**379,861**	**(22,063)**	**(97,039)**	**1,319,288**	**3,148,645**	**2,069,710**	**10,638,402**	**52,546**	**10,690,948**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		853,344	397,008
Adjustments for:			
Depreciation of property, plant and equipment and investment properties	5,6	502,094	431,717
Depreciation of right-of-use assets	8	33,309	33,322
Amortisation of intangible assets	7	10,690	10,691
(Reversal)/impairment loss on investment properties	6	(25,813)	458,900
Share of results from joint ventures	9	(29,248)	(51,017)
Impairment losses (net of reversals) on financial assets	11	20,508	92,394
Provision for slow moving inventories	13	1,210	797
Amortisation of government grants	17	(131,919)	(106,986)
Loss on disposal of property, plant and equipment	5	7,153	497
Provision for employees' end of service benefits	18	29,284	28,497
Foreign exchange (gain)/loss		(287)	248
Finance costs		341,844	326,538
Finance income		(627)	(4,645)
Operating cash flows before movements in working capital		1,611,542	1,617,961
Increase in inventories		(9,964)	(5,408)
Increase in trade and other receivables		(520,865)	(967,825)
Increase in prepayments and advances		(1,766)	(314,078)
(Decrease)/increase in trade and other payables		(267,211)	124,173
Cash from operating activities		811,736	454,823
Employees' end of service benefits paid	18	(6,596)	(15,756)
Payment of short-term lease		(12,463)	(12,793)
Payment of low-value assets		(6,108)	(5,490)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**786,569**	**420,784**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	5	734	13,878
Purchase of property, plant and equipment	5	(2,856,265)	(2,639,273)
Purchase of investment properties	6	(268,590)	(240,313)
Investments placed in joint ventures	9	(21,190)	(55,522)
Dividends received from joint ventures	9	60,811	45,600
Repayment received from a loan given to a related party	29	700,000	-
Loan given to related party		-	(700,000)
Investment in short term deposits	14	(15,154)	(9,364)
Short term deposits matured	14	9,048	9,713
Finance income received		627	4,645
NET CASH USED IN INVESTING ACTIVITIES		**(2,389,979)**	**(3,570,636)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS Cont.

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	21	2,600,841	2,369,552
Repayment of bank borrowings	21	(5,504,709)	(39,538)
Proceeds from bond issuance	20	3,597,165	-
Transaction costs paid for bond issuance	20	(22,000)	-
Government grants received	17	94,941	368,243
Contributions received from the parent		2,036,367	-
Interest paid		(102,840)	(51,730)
Payments to project companies	19	(255,149)	(265,480)
Payment for principal portion of lease liabilities	8	(28,002)	(15,121)
Payment for interest portion of lease liabilities		(38,370)	(11,933)
Dividend paid to non-controlling interests in subsidiaries		(1,077)	-
Capital contribution from non- controlling interest		-	960
NET CASH FROM FINANCING ACTIVITIES		**2,377,167**	**2,354,953**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**773,757**	**(794,899)**
Cash and cash equivalents at the beginning of the year	14	262,046	1,056,945
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	**1,035,803**	**262,046**
SIGNIFICANT NON-CASH TRANSACTIONS:			
TRANSFER OF CAPITAL WORK-IN-PROGRESS TO RECEIVABLES FOR FUJAIRAH PORT DEVELOPMENT PROJECT	11	**493,196**	-
GOVERNMENT GRANTS TRANSFERRED TO A RELATED PARTY	17	**20,998**	-
AMOUNT DUE FROM A RELATED PARTY OFF SET AGAINST AN AMOUNT DUE TO A RELATED PARTY		**84,610**	-
CAPITAL WORK-IN-PROGRESS TRANSFERRED TO AN ASSET HELD FOR SALE	5	**237,000**	-
OWNER CONTRIBUTION RECEIVED IN THE FORM OF INVESTMENT PROPERTIES		**-**	**33,343**
CAPITAL CONTRIBUTION RECEIVED FROM NON-CONTROLLING INTEREST IN THE FORM OF PROPERTY, PLANT AND EQUIPMENT		**8,997**	**30,550**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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").

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 ports in the Emirate of Abu Dhabi and operates terminals under concession arrangements in the UAE;
- **Economic Cities & Free Zones,** which principally operates Khalifa Industrial Zone Company LLC "KIZAD" and eight other industrial zones following the integration of Specialised 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 valued added services, principally through MICCO Logistics Sole Proprietorship LLC "MICCO";
- **Maritime,** which provide a range of marine services, including feedering, transshipment, offshore support services and maritime training. Through Abu Dhabi Maritime, the Group is also the primary custodian of Abu Dhabi's waterways and regulator of the maritime sector in Abu Dhabi; 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 and joint ventures are given in note 3 and 9 below respectively.

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

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

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform;
- Amendment to IFRS 3 Business Combinations relating to definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to definition of material; and
- Amendments to IFRS 16 Leases relating to COVID-19 related rent concessions.

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:

	Effective for annual periods beginning on or after
NEW AND REVISED IFRS	
Amendments to IAS 16 Property, plant and equipment relating to proceeds before intended use	1 January 2022
Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts	1 January 2022
Annual improvements to IFRS standards 2018 - 2020	1 January 2022
Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors related to definition of accounting estimates	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.

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

3. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and applicable provisions of UAE Federal Law No. (2) of 2015 (as amended). Federal Decree-Law No. 26 of 2021 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2021 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements there of no later than one year from the date on which the amendments came into effect.

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 1, 2 or 3 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

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 2021	2020	Country of incorporation	Principal activity
OPERATING SUBSIDIARIES:				
Specialised Ewconomic 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

Basis of consolidation cont.

Name of subsidiary	Ownership interest 2021	2020	Country of incorporation	Principal activity
NEW SUBSIDIARIES CREATED DURING CURRENT YEAR:				
Safeen Feeders Company Sole Proprietorship LLC	100%	-	UAE	Shipping operations
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
KIZAD Communities Development & Services Company - Sole Proprietorship LLC	100%	100%	UAE	Facilities management

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

3. Summary of significant accounting policies cont.

Basis of consolidation cont.

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

Basis of consolidation cont.

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

3. Summary of significant accounting policies cont.

Basis of consolidation cont.

Business combination cont.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

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.

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 withIAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

3. Summary of significant accounting policies cont.

Investment in joint ventures cont.

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).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

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.

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

3. Summary of significant accounting policies cont.

Revenue recognition cont.

Type of service	Nature and timing of satisfaction of performance obligations
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.

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 credit impaired 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 credit impaired, 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.

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

3. Summary of significant accounting policies cont.

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

3. Summary of significant accounting policies cont.

Leases cont.

The Group as a lessee cont.

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.

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

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

3. Summary of significant accounting policies cont.

Leases cont.

The Group as a lessee cont.

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.

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'.

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

3. Summary of significant accounting policies cont.

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.

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

3. Summary of significant accounting policies cont.

Property, plant and equipment cont.

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.

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

3. Summary of significant accounting policies cont.

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.

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	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.

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

3. Summary of significant accounting policies cont.

Impairment of non-financial assets cont.

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

3. Summary of significant accounting policies cont.

Employees' benefits cont.

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 cont.

Financial instruments cont.

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.

3. Summary of significant accounting policies cont.

Financial instruments cont.

Financial assets cont.

Classification of financial assets cont.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

3. Summary of significant accounting policies cont.

Financial instruments cont.

Financial assets cont.

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.

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.

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

3. Summary of significant accounting policies cont.

Financial instruments cont.

Financial assets cont.

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.

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

3. Summary of significant accounting policies cont.

Financial instruments cont.

Financial assets cont.

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.

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

3. Summary of significant accounting policies cont.

Financial instruments cont.

Financial liabilities and equity cont.

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.

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.

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

3. Summary of significant accounting policies cont.

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.

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.

COVID-19

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and since then has spread across the globe, causing disruptions to businesses and economic activities. The Covid-19 outbreak has caused business disruption through voluntary and mandated closing of businesses by government authorities. The existing and anticipated effects of the outbreak of COVID-19 on the economy is expected to continue to evolve. The impact of such uncertain economic environment is judgmental, and the Group will continue to reassess its position and the related impact on a regular basis in relation to the assumptions and estimates used to assessment impairment, useful life of property, plant and equipment, including capital work-in-progress, and investment properties. Also, the Group has assessed the impact on the credit bearing financial assets to deem immaterial as at the reporting date.

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

4. Critical accounting judgements and key sources of estimation uncertainty cont.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

4. Critical accounting judgements and key sources of estimation uncertainty cont.

Key sources of estimation uncertainty cont.

Impairment assessment of investment properties cont.

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 (6%) 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 2021.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021 Cont.

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 2020	8,288,680	510,702	359,016	2,184,525	540,941	561,750	54,339	2,674,843	15,174,796
Additions during the year	-	-	-	2,089	32,130	33,366	16,288	2,619,293	2,703,166
Transfers from capital work-in-progress	224,781	2,178	-	127,384	121,338	126,005	-	(601,686)	-
Disposals	(2,557)	-	-	(32)	(7,950)	(8,256)	(1,946)	-	(20,741)
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 (note 11)	-	-	-	-	-	-	-	(493,196)	(493,196)
Transfers to property held for sale (note 36)	-	-	-	-	-	-	-	(237,000)	(237,000)
Transfers to grants (note 17)	-	-	-	-	-	-	-	(20,998)	(20,998)
Disposals	(252)	-	-	(9,456)	-	(14,568)	-	-	(24,276)
AT 31 DECEMBER 2021	**8,978,883**	**512,880**	**359,016**	**3,741,021**	**1,472,290**	**814,698**	**85,768**	**4,041,094**	**20,005,650**
ACCUMULATED DEPRECIATION									
At 1 January 2020	1,008,603	122,029	100,164	293,460	358,875	269,345	2,986	-	2,155,462
Charge for the year	153,151	20,545	14,415	39,932	55,077	41,337	8,777	-	333,234
Disposals	(1,143)	-	-	-	(2,144)	(1,612)	(1,467)	-	(6,366)
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 31 DECEMBER 2021	**1,322,584**	**163,223**	**128,994**	**374,141**	**448,187**	**406,011**	**10,328**	**-**	**2,853,468**
CARRYING AMOUNT 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**
AT 31 DECEMBER 2020	**7,350,293**	**370,306**	**244,437**	**1,980,574**	**274,651**	**403,795**	**58,385**	**4,692,450**	**15,374,891**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

5. Property and equipment cont.

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

	2021 AED'000	2020 AED'000
Direct costs (note 24)	313,699	266,869
General and administrative expenses (note 25)	73,828	66,365
	387,527	**333,234**

Except for property, plant and equipment granted by the Government of Abu Dhabi as described in note 17, 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 149.4 million have been capitalised within capital work-in-progress during the year ended 31 December 2021 (2020: AED 145.1 million).

Borrowing costs of AED 61.0 million have been capitalised during the year ended 31 December 2021 (2020: AED 28.4 million).

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

6. Investment properties

	Completed properties AED'000	Properties under development AED'000	Total AED'000
COST			
At 1 January 2020	3,080,503	1,489,497	4,570,000
Additions	132,972	107,341	240,313
Transfers from properties under development	989,600	(989,600)	-
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 31 DECEMBER 2021	**4,528,576**	**550,327**	**5,078,903**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
At 1 January 2020	794,911	-	794,911
Charge for the year	98,483	-	98,483
Impairment loss	458,900	-	458,900
At 1 January 2021	1,352,294	-	1,352,294
Charge for the year	114,567	-	114,567
Reversal of impairment loss	(25,813)	-	(25,813)
AT 31 DECEMBER 2021	**1,441,048**	**-**	**1,441,048**
CARRYING AMOUNT AT 31 DECEMBER 2021	**3,087,528**	**550,327**	**3,637,855**
AT 31 DECEMBER 2020	**2,850,781**	**607,238**	**3,458,019**

Rental income from investment properties of AED 1,627 million (2020: 1,620 million) was earned and direct operating expenses (including maintenance expense) of AED 471.4 million was incurred during the year ended 31 December 2021 (2020: AED 361.1 million).

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 17. 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 fair value of investment properties as estimated by management was AED 12,189 million as of 31 December 2021 (2020: AED 8,967 million).

The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 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 (2020: Nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

7. Intangible assets and goodwill

	Goodwill AED'000	Customer Contracts and Relationships AED'000	Rights AED'000	Total AED'000
COST				
At 1 January and 31 December 2021	54,534	181,200	27,170	262,904
ACCUMULATED AMORTISATION				
At 1 January 2020	-	16,122	1,358	17,480
Charge for the year	-	9,785	906	10,691
At 1 January 2021	-	25,907	2,264	28,171
Charge for the year	-	9,784	906	10,690
AT 31 DECEMBER 2021	**-**	**35,691**	**3,170**	**38,861**
CARRYING AMOUNT AS AT 31 DECEMBER 2021	**54,534**	**145,509**	**24,000**	**224,043**
AS AT 31 DECEMBER 2020	**54,534**	**155,293**	**24,906**	**234,733**

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

7. Intangible assets and goodwill cont.

Goodwill

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

	2021 AED'000	2020 AED'000
Logistics cluster - Abu Dhabi Terminals LLC (a)	32,824	32,824
Logistics cluster - MICCO Logistics (b)	21,710	21,710
	54,534	**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 (2020: 8% 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 3 % (2020: 3%) per annum growth rate.

The steady growth rate of 3% 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 3% 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 4,205 million (2020: AED 785 million), accordingly, no impairment loss has been recognised during 2021 (2020: AED nil).

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

7. Intangible assets and goodwill cont.

Goodwill cont.

(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 (2020: 8% 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 3 % (2020: 3%) per annum growth rate.

The steady growth rate of 3% 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 3% 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 2,901 million (2020: AED 1,328 million), accordingly, no impairment loss has been recognised during 2021 (2020: AED nil).

Customer contracts and relationships

Customer contracts and relationships includes:

i) 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; and

ii) 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.

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% equity stake in ADT.

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 is on average 30 years.

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

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 2020	86,205	391,461	255,264	74,646	807,576
Termination	-	-	(3,193)	-	(3,193)
At 1 January 2021	86,205	391,461	252,071	74,646	804,383
Additions	2,884	-	-	-	2,884
AT 31 DECEMBER 2021	**89,089**	**391,461**	**252,071**	**74,646**	**807,267**
ACCUMULATED DEPRECIATION					
At 1 January 2020	5,459	27,962	16,795	55,819	106,035
Charge for the year	1,724	11,184	17,020	3,394	33,322
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 31 DECEMBER 2021	**8,950**	**50,330**	**49,971**	**62,607**	**171,858**
CARRYING AMOUNT AT 31 DECEMBER 2021	**80,139**	**341,131**	**202,100**	**12,039**	**635,409**
AT 31 DECEMBER 2020	**79,022**	**352,315**	**218,256**	**15,433**	**665,026**

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.

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

8. Right of use assets and leases cont.

Right of use assets cont.

Amounts recognised in consolidated statement of profit or loss:

	2021 AED'000	2020 AED'000
DEPRECIATION EXPENSE ON RIGHT-OF-USE ASSETS	**33,309**	**33,322**
INTEREST EXPENSE ON LEASE LIABILITIES	**38,308**	**39,712**
EXPENSE RELATING TO SHORT-TERM LEASES	**12,463**	**12,793**
EXPENSE RELATING TO LEASES OF LOW VALUE ASSETS	**6,108**	**5,490**

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.

Lease liabilities

The movement in lease liabilities is as follows:

	2021 AED'000	2020 AED'000
At 1 January	830,449	820,984
Additions during the year	2,884	-
Interest expense for the year (Note 27)	38,308	39,712
Payments during the year	(66,372)	(27,075)
Discount received during the year	-	(3,172)
AT 31 DECEMBER	**805,269**	**830,449**

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

8. Right of use assets and leases cont.

Lease liabilities cont.

The maturity analysis of lease liabilities is presented below.

	2021 AED'000	2020 AED'000
MATURITY ANALYSIS:		
Year 1	94,440	94,277
Year 2	64,446	64,277
Year 3	66,013	64,277
Year 4	66,020	65,837
Year 5	57,637	65,837
Onwards	1,099,558	1,152,314
BALANCE AT THE END OF THE YEAR	**1,448,114**	**1,506,819**
LESS: FUTURE INTEREST	**(642,845)**	**(676,370)**
	805,269	**830,449**

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

	2021 AED'000	2020 AED'000 (Restated)
Current lease liabilities	91,809	92,129
Non-current lease liabilities	713,460	738,320
	805,269	**830,449**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

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 2021	Percentage of ownership 2020	Percentage of ownership
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 Guinee SA	50%	50%	Guinea
Compagnie Maritime De Guinee 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:

	2021 AED'000	2020 AED'000 (Restated)
At 1 January	428,730	398,185
Investments placed during the year	21,190	55,522
Share of profit for the year	29,248	51,017
Share of other comprehensive income for the year	37,136	(30,394)
Dividend received	(60,811)	(45,600)
AT 31 DECEMBER	**455,493**	**428,730**

Investment in Abu Dhabi Terminals LLC ("ADT")

Investment in Abu Dhabi Terminals LLC ("ADT") represents the Company's 51% stake 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 current year, this goodwill has been fully impaired and the carrying value of the investment is nil.

9. Investment in a joint venture cont.

Investment in joint ventures with LDPL

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

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

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.

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 since the settlement of these are neither planned nor likely to occur in the foreseeable future and accordingly classified under the investment in joint ventures.

Investment in ZonesCorp Infrastructure Fund ("ZIF")

The Group has a 50% equity interest in ZonesCorp Infrastructure fund ("ZIF"). ZIF comprises 100% equity interests in four subsidiaries, 'the Project Companies', refer to note 19. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

9. Investment in a joint venture cont.

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

	ADT		Joint ventures with LDPL		ZIF	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000 (Restated)	2021 AED'000	2020 AED'000
Current assets	362,781	301,053	121,278	512,511	317,620	356,563
Non-current assets	2,641,993	1,895,272	522,290	189,015	2,150,564	2,164,316
Current liabilities	(248,417)	(313,468)	(354,612)	(251,648)	(77,458)	(78,098)
Non-current liabilities	(3,149,054)	(2,047,079)	(358,052)	(438,145)	(1,542,038)	(1,705,225)
(Net liabilities)/net assets	(392,697)	(164,222)	(69,096)	11,733	848,688	737,556
Group share of net assets	-	-	-	205	424,344	368,778
Goodwill	-	17,850	-	-	-	-
Other equity movements	-	(15,535)	131,112	150,321	(99,963)	(92,889)
Group's carrying amount in the joint ventures	-	2,315	131,112	150,526	324,381	275,889
CASH AND BANK BALANCES	**231,771**	**91,936**	**20,875**	**8,573**	**43,800**	**91,721**
FINANCIAL LIABILITIES (excluding trade payables and provisions)	**(3,202,731)**	**(2,028,216)**	**(666,007)**	**(435,420)**	**(1,619,251)**	**(1,763,402)**

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

9. Investment in a joint venture cont.

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

	ADT		Joint ventures with LDPL		ZIF	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000 (Restated)	2021 AED'000	2020 AED'000
Revenue	269,847	348,978	189,234	224,559	250,174	250,619
Direct costs	(270,632)	(201,121)	(186,356)	(175,866)	-	-
Administrative expenses	(33,843)	(96,539)	(30,511)	(7,924)	(12,909)	(13,371)
Finance costs	(130,663)	(72,641)	(10,759)	(12,142)	(61,944)	(138,906)
Other income	3,397	3,798	(569)	-	87	416
(LOSS)/PROFIT FOR THE YEAR	**(161,894)**	**(17,525)**	**(38,961)**	**28,627**	**175,408**	**98,758**
Group's share of (loss)/profit	(17,850)	(2,851)	(40,606)	5,867	87,704	48,001
Other comprehensive income	(21,044)	(32,391)	-	-	57,348	(29,716)
Share of other comprehensive income/(loss) for the year	15,535	(15,535)	-	-	21,601	(14,859)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**15,535**	**(18,386)**	**(40,606)**	**5,867**	**109,305**	**33,142**

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

	ADT		Joint ventures with LDPL		ZIF	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
DEPRECIATION AND AMORTISATION	**(129,445)**	(70,575)	**(44,846)**	(27,249)	**-**	-
INTEREST INCOME	**-**	208	**87**	15	**87**	127
INTEREST EXPENSE	**(130,663)**	(23,327)	**(10,759)**	(12,200)	**(61,944)**	(108,471)
THE UNRECOGNISED SHARE OF LOSS OF A JOINT VENTURE FOR THE YEAR	**(82,566)**	(27,524)	**-**	-	**-**	-
CUMULATIVE SHARE OF UNRECOGNISED LOSSES	**(110,090)**	(27,555)	**(15,263)**	-	**-**	-

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

10. Financial Asset at Fair Value Through Other Comprehensive Income

The Group holds 10% equity stake and also has provided a loan to CSP Abu Dhabi Terminal LLC, a container terminal operating entity, amounting to AED 58.8 million. The loan is interest free and does not have a fixed maturity. This investment 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.

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

11. Trade and Other Receivables

	2021 AED'000	2020 AED'000 (Restated)
NON-CURRENT PORTION		
Un-billed lease receivables	2,010,283	1,679,096
Less: loss allowance	(231,303)	(231,022)
	1,778,980	**1,448,074**
CURRENT PORTION		
Trade receivables	1,413,940	1,292,064
Due from related parties (note 29)	560,253	810,315
Accrued income	385,636	244,064
	2,359,829	**2,346,443**
Less: loss allowance	**(503,140)**	**(565,505)**
	1,856,689	1,780,938
Receivable for Fujairah Port development (note 5)	493,196	-
Staff receivables	31,764	29,676
Other receivables	13,667	6,666
	2,395,316	**1,817,280**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

11. Trade and other receivables cont.

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 493.2 million as of 31 December 2021. The assets developed are funded by Ministry of Presidential Affairs and is disclosed under advances for port developments amounted to AED 500 million (note 22). The Group is in the process of handing over the assets to Authorities in UAE. Upon handover, the receivable balance will be netted against the advance for port developments.

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 82.6 million (2020: AED 8.5 million) subject to enforcement activities. The Group had assigned full impairment allowances for these trade receivables in previous years.

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 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**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

11. Trade and other receivables cont.

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 2020	128,549	584,032	712,581
Net remeasurement of loss allowance	27,911	64,483	92,394
Amounts written off	-	(8,448)	(8,448)
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 31 DECEMBER 2021	**100,813**	**633,630**	**734,443**

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

12. Prepayments and advances

	2021 AED'000	2020 AED'000 (Restated)
NON-CURRENT PORTION		
Prepaid expenses	45,600	-
CURRENT PORTION		
Advance payments to contractors	363,869	317,029
Prepaid expenses	87,439	62,365
	451,308	**379,394**

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

13. Inventories

	2021 AED'000	2020 AED'000
Spare parts	33,175	23,211
Less: provision for obsolete and slow-moving inventories	(7,915)	(6,705)
	25,260	**16,506**

The cost of inventories recognised as an expense during the year was AED 35 million (2020: AED 80 million).

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

	2021 AED'000	2020 AED'000
At 1 January	6,705	5,908
Provided during the year (Note 25)	1,210	797
AT 31 DECEMBER	**7,915**	**6,705**

14. Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2021 AED'000	2020 AED'000
Cash on hand	5,625	7,976
Fixed deposits and current accounts with banks	1,045,649	263,435
Cash and bank balances	1,051,274	271,411
Less: deposits with an original maturity of more than three months	(15,471)	(9,365)
CASH AND CASH EQUIVALENTS	**1,035,803**	**262,046**

Fixed deposits with banks carried an average interest rate of 0.60% per annum (2020: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

15. Share capital

	2021 AED'000	2020 AED'000
AUTHORISED, ISSUED AND PAID UP CAPITAL		
3,840,000,000 ordinary shares of AED 1 each	3,840,000	3,840,000

On 13 December 2011 the Executive Council of Abu Dhabi issued a resolution instructing the Department of Finance to increase the Company's authorised share capital from AED 500 million to AED 5 billion. During 2014 the Company received the approval from the Ministry of Economy to increase its authorised share capital to AED 5 billion.

Department of Finance injected AED 2,000 million in 2011 and AED 1,340 million in 2013 as additional capital contributions. The legal formalities to convert these additional capital contributions of AED 3,340 million to share capital were completed on 16 February 2015.

On 15 July 2015 the Executive Council of Abu Dhabi issued a resolution to reduce the Company's authorised share capital from AED 5 billion to AED 3,840 million. Legal formalities of this were completed on 2 October 2018.

16. Reserve

16(a) Statutory Reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Law No. 2 of 2015, 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.

16(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.

16. Reserve cont.

16(c) Cash Flow Hedge Reserve

	2021 AED'000	2020 AED'000
Balance at 1 January	134,175	103,781
(Gain)/loss arising on changes in fair value of hedging instruments during the year	(37,136)	30,394
BALANCE AT 31 DECEMBER	**97,039**	**134,175**

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).

16(d) Merger Reserve

On 1 June 2020 the President His Highness Sheikh Khalifa bin Zayed Al Nahyan issued Law No. (16) for 2020. As per the law, The Higher Corporation for Specialised 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 2020, an adjustment has been 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 has been reflected in the period in which the transaction occurred during the year ended 31 December 2020.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

17. 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, the Group has recognised 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 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 2021 the Group received monetary grants of AED 56.7 million from the parent and AED 38.3 million from the DOF with the aim of financing the constructions of certain capital projects of the Group.

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

17. Deferred government grants cont.

Movement in the balance is as follows:

	2021 AED'000	2020 AED'000 (Restated)
At 1 January	6,460,688	6,199,431
Additions during the year	94,941	368,243
Amount recognised as revenue during the year (note 24)	(131,919)	(106,986)
Transferred to a related party (note 5)	(20,998)	-
AT 31 DECEMBER	**6,402,712**	**6,460,688**

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

	2021 AED'000	2020 AED'000 (Restated)
Current liability	131,919	106,985
Non-current liability	6,270,793	6,353,703
AT 31 DECEMBER	**6,402,712**	**6,460,688**

18. Provision for employees' end of service benefits

	2021 AED'000	2020 AED'000
At 1 January	97,323	84,582
Charged during the year	29,284	28,497
Paid during the year	(6,596)	(15,756)
AT 31 DECEMBER	**120,011**	**97,323**

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

19. Payable to the project companies

The balance is payable in relation to the following projects:

	2021 AED'000	2020 AED'000
Industrial City of Abu Dhabi (ICAD III)	1,094,058	1,110,884
Industrial City of Abu Dhabi (ICAD II)	755,343	745,145
Al Ain Industrial City (AAIC)	326,549	319,066
Industrial Effluent Treatment Plant	248,122	253,952
	2,424,072	**2,429,047**

The movement in balance is as follows:

	2021 AED'000	2020 AED'000
At 1 January	2,429,047	2,433,395
Interest charge for the year (note 27)	250,174	261,132
Payments during the year	(255,149)	(265,480)
AT 31 DECEMBER	**2,424,072**	2,429,047

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

	2021 AED'000	2020 AED'000 (Restated)
Current liability	273,508	264,729
Non-current liability	2,150,564	2,164,318
	2,424,072	**2,429,047**

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

19. Payable to the project companies cont.

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 250.2 million (2020: AED 261.1 million) reflects the effective interest 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.

20. 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 2021 is USD 1,000 million (AED 3,673.5 million).

As of 31 December 2021, unamortised prepaid transaction cost for the bond is AED 20.6 million and unmortised discount is AED 71.9 million.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

21. Bank borrowings

	2021 AED'000	2020 AED'000
Loan facility 1	-	3,300,000
Loan facility 2	-	750,000
Loan facility 3	1,146,132	-
TOTAL	**1,146,132**	**4,050,000**
Less: Amount due for settlement after 12 months from the end of reporting period (classified under non-current liabilities)	**-**	-
AMOUNT DUE		
For settlement within 12 months from the end of reporting period (classified under current liabilities)	**1,146,132**	**4,050,000**

The bank borrowings comprise the following.

Loan facility 1

The Group had availed an unsecured revolving credit facility from a local bank amounting to AED 3,300 million for the purpose of financing capital expenditure and general corporate purposes of the Group. The total facility was fully drawn as at 31 December 2020. The loan was repayable/ to be rolled over in July 2021 and carried an interest rate of 0.8 % over 3-months EIBOR.

During 2021, the Group settled AED 3,300 million of total outstanding balance and cancelled the revolving credit facility.

Loan facility 2

During 2020, the Group availed an unsecured revolving credit facility from a local bank amounting to AED 1,000 million for the purpose of financing capital expenditure and general corporate purposes of the Group. The loan was repayable in December 2021 and carried an interest rate of 1.15 % over 3-months EIBOR. The facility was drawn to the extent of AED 750 million as at 31 December 2020.

During 2021, the Group settled the total outstanding balance and cancelled the revolving credit facility.

Loan facility 3

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 3 years and an extension option of two years at one year increments and carries an effective interest rate of 0.85% - 1.00% 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.

Subsequent to the end of reporting period, the Group fully settled the outstanding balance of the facility.

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

21. Bank borrowings cont.

Reconciliation of borrowing movement to the cash flows arising from financing activities is as follows:

	2021 AED'000	2020 AED'000
At 1 January	4,050,000	1,719,986
Loans drawdown during the year	2,600,841	2,369,552
Loans repaid during the year	(5,504,709)	(39,538)
AT 31 DECEMBER	**1,146,132**	**4,050,000**

22. Trade and other payables

	2021 AED'000	2020 AED'000 (Restated)
NON-CURRENT PORTION		
Deferred income	259,937	216,381
Customer deposits	83,816	71,344
Retentions payable	-	128,752
	343,753	**416,477**
CURRENT PORTION		
Accrued expenses and construction related costs	1,190,830	1,113,646
Advances for Fujairah Port development project (note 11)	500,000	499,500
Deferred income	240,483	274,199
Due to related parties (note 29)	233,928	636,238
Contractors and suppliers payables	158,290	155,117
Retentions payable	147,380	300
Customer advances	116,051	44,191
Other payables	47,628	89,496
	2,634,590	**2,812,687**

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

23. 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).

	2021 AED'000	2020 AED'000
Economic Cities & Free Zones leasing (a)	1,289,730	1,297,952
Ports operations (b)	548,374	416,015
Logistics operations (c)	588,371	546,740
Marine marine services (d)	605,111	366,846
Port concessions and leasing (e)	479,567	511,383
Other Economic Cities & Free Zones services (f)	261,566	251,229
Digital services (g)	136,944	33,732
	3,909,663	**3,423,897**

a) Economic Cities & Free Zones leasing represents revenue earned from land leasing, warehousing and other built assets within KIZAD and ZonesCorp.

b) Port operations represent revenue from general cargo, cruise and other operations within the different ports owned by the Group.

c) Logistics operations represent revenue earned from various logistics operations including freight forwarding, trucking and transportation.

d) Maritime services represent revenue from services provided at various ports to external customers including transshipment, shipping and offshore support services revenue for AED 367 million. (2020: AED 35 million).

e) 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.

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.

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

23. Revenue cont.

a) Disaggregation of revenue from contracts with customers:

	2021 AED'000	2020 AED'000
SERVICES TRANSFERRED AT A POINT IN TIME		
Maritime services	604,101	366,846
Logistics operations	587,007	542,478
Ports operations	548,374	416,015
Digital services	136,944	33,732
Other Economic Cities & Free Zones services	29,136	72,064
	1,905,563	**1,431,135**
SERVICES TRANSFERRED OVER-TIME		
Other Economic Cities & Free Zones services related to lease contracts	**232,430**	**179,165**
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**2,137,992**	**1,610,300**

b) Disaggregation of revenue from rental income:

	2021 AED'000	2020 AED'000
Economic Cities & Free Zones leasing	1,289,730	1,297,952
Ports concessions and leasing	479,567	511,383
Other lease income	2,374	4,262
	1,771,671	**1,813,597**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

24. Direct costs

	2021 AED'000	2020 AED'000
Depreciation of property, plant and equipment and investment properties (note 5 and 6)	428,266	365,352
Staff cost	346,834	329,418
Repair & maintenance cost	304,624	218,149
Trucking & transportation cost	234,380	12,997
Utility cost	213,021	188,610
Charter hire charges	165,671	4,283
Warehousing & handling cost	141,707	314,775
Terminal operation cost	-	107,746
Fuel costs	90,093	30,984
Outsourcing and external manpower	61,425	41,644
Depreciation of right-of-use assets (note 8)	33,309	33,322
Foreign labor service charge	31,754	13,022
Insurance & consultancy costs	30,123	21,193
Application license & maintenance cost	25,889	29,156
Other operating cost	24,805	28,543
Amortisation of intangible assets (note 7)	10,690	10,691
	2,142,591	**1,749,885**
LESS: GOVERNMENT GRANTS (note 17)	**(131,919)**	**(106,986)**
	2,010,672	**1,642,899**

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

25. General and administrative expenses

	2021 AED'000	2020 AED'000
Staff cost	426,280	364,773
Outsourcing and external manpower	83,970	47,429
Depreciation of property and equipment and investment property (note 5)	73,828	66,365
Professional fees	36,122	30,329
Facility management	16,633	18,079
Communication expenses	11,738	10,084
Office expenses	5,684	5,065
Repair & maintenance	4,958	3,399
Car rental & fuel expenses	4,683	4,023
Licensing and subscriptions	4,663	2,422
Travelling & transport expenses	4,306	2,754
IT expenses	3,019	2,056
Insurance	1,832	2,228
Utility	1,784	1,454
Other expenses	1,400	1,688
Provision for slow moving inventories (note 13)	1,210	797
Sponsorship expenses	1,048	-
Rental expenses	973	1,422
Foreign exchange gain/loss	(287)	248
	683,844	**564,615**

The Group made social contributions amounting to AED 1.7 million during the year ended 31 December 2021 (2020: AED 2 million).

26. Staff cost

Staff costs of the Group comprised as follows:

	2021 AED'000	2020 AED'000
Salaries, bonuses and other benefits	815,722	742,053
Outsourced manpower and staffing costs	218,506	155,161
Employees' end of service benefits	29,284	28,497
Staff training and development costs	4,419	2,692
	1,067,931	**928,403**

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

26. Staff cost cont.

The Group has made pension contributions amounting to AED 42.2 million (2020: AED 36.8 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.

	2021 AED'000	2020 AED'000
STAFF COSTS ARE ALLOCATED TO:		
Direct costs	408,259	371,062
General and administrative expenses	510,250	412,202
Capital work-in-progress (note 5)	149,422	145,139
	1,067,931	**928,403**

27. Finance cost

	2021 AED'000	2020 AED'000
Unitary payment to the project companies (note 19)	250,174	261,132
Finance cost of lease liabilities (note 8)	38,308	39,712
Interest on bond payable	66,061	-
Interest on bank borrowing	23,134	41,946
Other finance costs	25,170	12,104
TOTAL INTEREST EXPENSE	**402,847**	**354,894**
LESS: Amounts included in the cost of qualifying assets (note 5)	**(61,003)**	**(28,356)**
	341,844	**326,538**

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 1.65% (2020: 3.04%) to expenditure on such assets.

28. Other income, net

	2021 AED'000	2020 AED'000
Other income	17,024	33,462
Loss on disposal of property, plant and equipment	(7,153)	(497)
Loss on disposal of inventories	-	(628)
	9,871	**32,337**

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

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:

	2021 AED'000	2020 AED'000
DUE FROM RELATED PARTIES (note 11)		
Joint ventures		
Abu Dhabi Terminals Company LLC	4,380	114,750
Entities under common control		
Department of Finance – Abu Dhabi	169,077	88,046
National Marine Dredging Company	132,971	41,177
Abu Dhabi Polymers Co. Ltd (Borouge)	86,388	30,605
Emirates Steel Industries Co. PJSC	57,665	33,889
Department of Municipalities and Transport	32,000	16,026
Abu Dhabi National Oil Company	20,053	241,558
Rafed Healthcare Supplies LLC	19,849	-
General Headquarter Armed Forces	10,319	121,558
Silal Food and Technology LLC	7,515	66,673
Other entities controlled by the Government of Abu Dhabi	20,036	56,033
	555,873	**695,565**
	560,253	**810,315**

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

29. Related party balances and transactions cont.

Balances with related parties cont.

	2021 AED'000	2020 AED'000
ACCRUED INCOME (note 11)		
Parent company		
Abu Dhabi Developmental Holding ("ADQ")	235,923	101,096
Joint venture		
Abu Dhabi Terminals Company LLC	44,939	20,459
Entities under common control		
Abu Dhabi National Oil Company	18,500	-
Department of Municipalities and Transport	11,003	-
Lulu International Holding Limited (Group)	4,880	4,950
Rafed Healthcare Supplies LLC	2,105	-
Other entities controlled by the Government of Abu Dhabi	395	2,629
	36,883	**7,579**
	317,745	**129,134**
UN-BILLED LEASE RECEIVABLES (note 11)		
Joint venture		
Abu Dhabi Terminals Company LLC	262,901	218,436
Entities under common control		
Other entities controlled by the Government of Abu Dhabi	50,687	73,949
	313,588	**292,385**
SHORT TERM LOAN TO A RELATED PARTY		
Parent company		
Abu Dhabi Developmental Holding	**-**	**700,000**
PREPAYMENTS AND ADVANCES (note 12)		
Joint venture		
Abu Dhabi Terminals Company LLC	60,800	94,000

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

29. Related party balances and transactions cont.

Balances with related parties cont.

	2021 AED'000	2020 AED'000
PREPAYMENTS AND ADVANCES (note 12) Cont.		
Entities under common control		
National Marine Dredging Company	226,516	13,111
National Health Insurance Company PJSC (Daman)	2,290	51
	228,806	**13,162**
	289,606	**107,162**
CASH AND BANK BALANCES (note 14)		
ENTITY UNDER COMMON CONTROL		
Banks controlled by the Government of Abu Dhabi	**1,028,053**	**241,915**
INVESTMENT IN JOINT VENTURES (NOTE 9)	**455,493**	**428,730**
IMPAIRMENT LOSS ON FINANCIAL ASSETS AND UNBILLED LEASE RECEIVABLE (NOTE 11)W	**42,263**	**73,744**
DUE TO RELATED PARTIES (note 22)		
Parent company		
Abu Dhabi Developmental Holding	323	-
Joint venture		
Abu Dhabi Terminals Company LLC	7,876	205,897
Entities under common control		
Department of Finance – Abu Dhabi	98,314	113,046
Abu Dhabi National Oil Company	29,540	-
Abu Dhabi Retirement Pensions & Benefits Fund	3,019	204,889
National Marine Dredging Company	-	5,462
Other entities controlled by the Government of Abu Dhabi	94,856	106,944
	225,729	**430,341**
	233,928	**636,238**

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

29. Related party balances and transactions cont.

Balances with related parties cont.

	2021 AED'000	2020 AED'000
RETENTION PAYABLE (note 22)		
Entity under common control		
National Marine Dredging Company	**65,469**	**56,834**
PAYABLE TO THE PROJECT COMPANIES (note 19)		
Joint venture		
ZonesCorp Infrastructure Fund	**2,424,072**	**2,429,047**
DEFERRED GOVERNMENT GRANTS (note 17)		
Ultimate controlling undertaking		
Government of Abu Dhabi	6,064,640	6,139,250
Parent company		
Abu Dhabi Developmental Holding	338,072	321,438
	6,402,712	**6,460,688**
BORROWINGS (note 21)		
Entities under common control		
First Abu Dhabi Bank	**229,226**	**4,050,000**
ACCRUED EXPENSES, CUSTOMERS DEPOSITS AND ADVANCES AND OTHER PAYABLES (note 22)		
Entities under common control		
Abu Dhabi National Oil Company	10,170	10,913
Other entities controlled by the Government of Abu Dhabi	8,841	8,841
	19,011	**19,754**
OWNER'S CONTRIBUTION		
Parent company		
Abu Dhabi Developmental Holding	**2,069,710**	**33,343**

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

29. Related party balances and transactions cont.

Significant transactions with related parties are as follows:

	2021 AED'000	2020 AED'000
REVENUE (note 23)		
Parent Company		
Abu Dhabi Developmental Holding	301,264	145,713
Joint venture		
Abu Dhabi Terminals Company LLC	171,018	166,848
Entities under common control		
Abu Dhabi Polymers Co. Ltd (Borouge)	359,591	306,946
National Marine Dredging Company	250,998	109,320
Emirates Steel Industries Co. PJSC	169,295	53,557
Abu Dhabi National Oil Company	91,648	254,226
Rafed Healthcare Supplies LLC	44,910	-
Department of Municipalities and Transport	34,898	2,982
Silal Food and Technology LLC	21,723	64,510
Department of Finance – Abu Dhabi	12,405	1,417
General Headquarter Armed Forces	9,085	38,705
Other entities controlled by the Government of Abu Dhabi	91,089	72,186
	1,085,642	**903,849**
	1,557,924	**1,216,410**

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

29. Related party balances and transactions cont.

Significant transactions with related parties cont.

	2021 AED'000	2020 AED'000
CAPITAL WORK-IN-PROGRESS TRANSFERRED To government grants (note 17)		
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**	55,522
Share of profit for the year	**29,248**	51,017
Share of other comprehensive income/(loss) for the year	**37,136**	(30,394)
Dividend received	**60,811**	45,600
EXPECTED CREDIT LOSS ALLOWANCE ON TRADE AND OTHER RECEIVABLES For entities under Common control (note 11)		
Write off during the year	**71,510**	-
CAPITAL CONTRIBUTIONS RECEIVED (note 29)		
Parent Company		
Abu Dhabi Developmental Holding	**2,036,367**	33,343
GOVERNMENT GRANTS RELATED TRANSACTIONS (note 17)		
Grant received during the year	**94,941**	368,243
Amount recognised during the year	**131,919**	106,986
Transfers to a related party	**20,998**	-

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

29. Related party balances and transactions cont.

Significant transactions with related parties cont.

	2021 AED'000	2020 AED'000
PROJECT PAYABLE RELATED TRANSACTIONS		
With a joint venture- ZonesCorp Infrastructure Fund (note 19)		
Finance cost during the year	250,174	261,132
Payments made during the year	255,149	265,480
BANK BORROWING RELATED TRANSACTIONS		
With bank controlled by the Government of Abu Dhabi (note 21)		
Loan drawdown during the year	520,168	2,369,552
Repayments during the year	5,504,709	39,538
Finance costs during the year	39,421	41,946
ADVANCE PAYMENT MADE TO A JOINT VENTURE		
Abu Dhabi Terminals Company LLC	76,000	94,000
SETTLEMENT OF LOAN GIVEN TO A RELATED PARTY		
Abu Dhabi Developmental Holding	700,000	-
KEY MANAGEMENT COMPENSATION		
Short term employee benefits	42,629	36,939
Long term employee benefits	1,506	596
	44,135	37,535
Staff loans and advances provided to key management personnel	1,482	1,411

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

29. Related party balances and transactions cont.

Significant transactions with related parties cont.

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, basis 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.

	2021 AED'000	2020 AED'000
EARNINGS (AED'000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Group)	845,694	394,432
WEIGHTED AVERAGE NUMBER OF SHARE ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	3,840,000	3,840,000
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE		
To owners of the Group in AED	0.22	0.10

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

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 10 ports and terminals in the UAE. 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 KIZAD and eight other industrial zones 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 valued 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. Through Abu Dhabi Maritime, Maritime is also the primary custodian of Abu Dhabi's waterways and regulator of the maritime sector in Abu Dhabi. Maritime mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering and other general marine services.
- **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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

31. Segment information cont.

	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**
Inter segment 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)	(269,330)	210	**(683,844)**
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)**
Share of profit/(loss) from joint ventures	(17,850)	87,704	-	(40,606)	-	-	-	**29,248**
Selling and marketing expenses	(53)	(3,921)	(6,967)	(3,206)	(627)	(50,236)	-	**(65,010)**
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 inter-segment sales are charged at prevailing market prices.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

31. Segment information cont.

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 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**
31 DECEMBER 2020								
TOTAL ASSETS	10,829,970	6,760,611	755,902	891,362	151,810	9,823,941	(4,360,744)	**24,852,852**
TOTAL LIABILITIES	9,766,233	4,956,197	494,665	364,235	103,910	5,772,493	(4,361,062)	**17,096,671**
CAPITAL EXPENDITURES*	-	-	-	-	-	2,703,166	-	**-**

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 operated mainly in one geographical segment, i.e., United Arab Emirates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

31. Segment information cont.

	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 2020								
External revenue	927,398	1,549,181	546,740	366,846	33,732	-	-	**3,423,897**
Inter segment revenue	24,602	2,245	14,037	379	64,074	-	(105,337)	**-**
Total revenue	952,000	1,551,426	560,777	367,225	97,806	-	(105,337)	**3,423,897**
Direct costs	(200,775)	(580,037)	(423,332)	(194,328)	(30,931)	(317,804)	104,308	**(1,642,899)**
Gross profit/(loss)*	**751,225**	**971,389**	**137,445**	**172,897**	**66,875**	**(317,804)**	**(1,029)**	**1,780,998**
General and administrative expenses	(149,144)	(90,853)	(21,769)	(29,273)	(56,491)	(217,224)	139	**(564,615)**
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivable	(18,783)	(66,547)	(2,519)	(4,214)	(331)	-	-	**(92,394)**
Share of profit from joint ventures	(2,850)	48,000	-	5,867	-	-	-	**51,017**
Selling and marketing expenses	(198)	(1,514)	(445)	97	-	(27,482)	-	**(29,542)**
Impairment of investment properties	-	(458,900)	-	-	-	-	-	**(458,900)**
Finance costs	(28,507)	(280,801)	(5,817)	(3)	(245)	(13,694)	2,529	**(326,538)**
Finance income	-	3,949	5	15	-	676	-	**4,645**
Other income, net	27,026	5,290	833	(620)	8	-	(200)	**32,337**
PROFIT/(LOSS) FOR THE YEAR	**578,769**	**130,013**	**107,733**	**144,766**	**9,816**	**(575,528)**	**1,439**	**397,008**
ADJUSTMENT FOR:								
Finance costs	28,507	280,801	5,817	3	245	13,694	(2,529)	**326,538**
Finance income	-	(3,949)	(5)	(15)	-	(676)	-	**(4,645)**
Depreciation of property, plant and equipment, investment properties	220,707	126,756	31,275	27,640	7,203	19,123	(987)	**431,717**
Amortisation of right-of-use assets and intangible assets	13,814	20,413	9,786	-	-	-	-	**44,013**
Government grants amortisation	(99,888)	(3,259)	-	(3,839)	-	-	-	**(106,986)**
Impairment of investment properties	-	458,900	-	-	-	-	-	**458,900**
ADJUSTED EBITDA	**741,909**	**1,009,675**	**154,606**	**168,555**	**17,264**	**(543,387)**	**(2,077)**	**1,546,545**

* Gross profit/(loss) is not segment performance and inter-segment sales are charged at prevailing market prices.

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

31. Segment information cont.

Revenues from major products and services

The Groups revenues from its major services are disclosed in note 23.

Information about major customers

Included in revenues arising from logistics segment was approximately 335 million (2020: 307 million) from sales to the Group's largest customer. No other single customer contributed 10% or more of the Group's revenue in either 2021 or 2020.

32. Contingent liabilities and commitments

Contingent liabilities

	2021 AED'000	2020 AED'000
Bank guarantees	89,805	62,700
Financial guarantees	**508,793**	**508,793**

Commitments

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 has issued guarantee in 2019 to Societe Generale and Standard Chartered Bank 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 shall not exceed USD 38.4 million (AED 141.3 million), which is the maximum amount the Group is exposed to.

	2021 AED'000	2020 AED'000
Commitments for fixed assets	1,093,449	1,371,088
Commitments for investments	**215,322**	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

32. Contingent liabilities and commitments cont.

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 1 to 5 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

33. Financial instruments cont.

Categories of financial instruments

	Financial assets		Financial liabilities		Hierarchy levels			
	FVTOCI AED'000	Amortised cost AED'000	Amortised cost AED'000	Total	1 AED	2 AED	3 AED	Total
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**	
31 DECEMBER 2020								
Cash and bank balances	-	271,411	-	271,411	-	-	-	-
Trade and other receivables	-	3,235,678	-	3,235,678	-	-	-	-
Short term loan to related party)	-	700,000	-	700,000	-	-	-	-
Investment in FVOCI	58,788		-	58,788	-	-	58,788	58,788
Bank borrowings	-	-	4,050,000	4,050,000	-	-	-	-
Trade and other payables	-	-	2,194,892	2,194,892	-	-	-	-
Payable to project companies	-	-	2,429,047	2,429,047	-	-	-	-
TOTAL	**58,788**	**4,207,089**	**8,673,939**				**58,788**	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

33. Financial instruments cont.

(a) 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 2021	Financing cash flows	Non-cash changes (other movements)					At 31 December 2021
			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**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

33. Segment information cont.

(b) Reconciliation of liabilities arising from financing activities

	At 1 January 2020	Financing cash flows	Non-cash changes (other movements)					At 31 December 2020
			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	Other movements AED'000	AED'000
Bank borrowings	**1,719,986**	2,330,014	-	-	-	-	-	**4,050,000**
Deferred government grants	**6,199,431**	368,243	-	(106,986)	-	-	-	**6,460,688**
Payable to the project companies	**2,433,395**	(265,480)	-	-	-	261,132	-	**2,429,047**
Lease liabilities	**820,984**	(27,075)	-	-	-	39,712	(3,172)	**830,449**
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	**11,170,624**	**2,405,702**	**-**	**(106,986)**		**300,844**	**(3,172)**	**13,770,184**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

33. Financial instruments cont.

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 19, 20 and 21 after deducting cash and bank balances) and equity of the Group (comprising share capital, statutory reserve, retained earnings, merger reserve and owner's contribution) is measured at AED 7,369 million as at 31 December 2021 (2020: AED 6,523 million).

	2021 AED'000	2020 AED'000
TOTAL DEBT	**7,151,225**	6,479,047
Less: cash and bank balances	**(1,051,274)**	(271,411)
NET DEBT	**6,099,951**	6,207,636
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	**10,757,504**	7,875,443
(excluding cash flow hedge reserve, assets distribution reserve, merger reserve and owner's contribution)		
NET DEBT TO ADJUSTED EQUITY RATIO	**0.57**	0.79

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 does not have significant exposure to currency risk as most of its assets are denominated in UAE Dirham or in US Dollars with UAE Dirham being pegged to the US Dollars.

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

33. Financial instruments cont.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds and Bond 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 2021, 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 2.99 million (2020: AED 12.5 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 84 million (2020: AED 215 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

33. Financial instruments cont.

Credit risk management cont.

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:

	Note	External credit ratings	12 Month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
31 DECEMBER 2021						
Trade and other Receivables (including unbilled receivables, accrued income and due from related parties)	11	N/A	Lifetime ECL	4,383,779	(734,443)	3,649,336
Cash and bank balances	14	A+ Baa	12-month ECL	1,051,274	-	1,051,274
31 DECEMBER 2020						
Trade and other receivables (including unbilled receivables, accrued income and due from related parties)	11	N/A	Lifetime ECL	4,032,205	(796,527)	3,235,678
Short term loans to a related party	29	N/A	Lifetime ECL	700,000	-	700,000
Cash and bank balances	14	BB	12-month ECL	271,411	-	271,411

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 11 include further details on the loss allowance for these assets respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

33. Financial instruments cont.

Liquidity risk management cont.

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 2021 and 2020 based on contractual payment dates and current market interest rates.

	Weighted average effective interest rate	Less than one year AED'000	1 to 5 years AED'000	after 5 years AED'000	Total AED'000
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**
31 DECEMBER 2020					
Non-interest-bearing financial liabilities					
Trade and other payables	-	1,994,797	200,096	-	2,194,893
Interest bearing financial liabilities					
Payable to the project companies	10.6%	264,117	1,399,128	4,046,672	5,709,917
Bank borrowings	1.5%	4,050,000	-	-	4,050,000
		4,314,117	**1,399,128**	**4,046,672**	**9,759,917**

The group does not face a significant liquidity risk with regard to its leases liabilities. Lease liabilities are monitored within the Group's treasury function and all lease obligations are denominated in AED.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

33. Financial instruments cont.

Liquidity risk management cont.

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	1 to 5 years AED'000	After 5 years AED'000	Total AED'000
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**
31 DECEMBER 2020				
Financial asset at fair value through other comprehensive income	-	-	58,788	58,788
Trade and other receivables	1,787,604	-	1,448,074	3,235,678
Short term loans to a related party	700,000	-	-	700,000
Cash and bank balances	271,411	-	-	271,411
	2,759,015	**-**	**1,506,862**	**4,265,877**

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).

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

33. Financial instruments cont.

Fair value of financial instruments cont.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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 10)	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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.
For the year ended 31 December 2021

33. Financial instruments cont.

Fair value of financial instruments cont.

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 2021 and 2020.

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. Reclassifications and errors

Certain comparative figures have been reclassified, where necessary, to conform to the current year presentation. Management believes that the current year presentation provides more meaningful information to the readers of the consolidated financial statements.

In accordance with the requirements of IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the below items have been corrected retrospectively and accordingly, balances in the comparative consolidated financial statements as of 31 December 2020 have been restated as follows:

	As previously reported AED'000	Restatement AED'000	**As restated AED'000**
STATEMENT OF FINANCIAL POSITION			
Assets			
Investment in joint ventures	**284,071**	144,659	**428,730**
Financial asset at fair value through other comprehensive income	**-**	58,788	**58,788**
Trade and other receivables – non current	**1,332,494**	115,580	**1,448,074**
Trade and other receivables - current	**2,140,341**	(323,061)	**1,817,280**
Prepayment and advances	**336,731**	42,663	**379,394**
Liability			
Deferred government grant	**(6,119,865)**	(233,838)	**(6,353,703)**
Payable to project companies-non-current	**(2,429,047)**	264,729	**(2,164,318)**
Payable to project companies-current	**-**	(264,729)	**(264,729)**
Lease liabilities-non-current	**(774,094)**	35,774	**(738,320)**
Lease liabilities-current	**(56,355)**	(35,774)	**(92,129)**
Trade and other payables – non- current	**-**	(416,477)	**(416,477)**
Trade and other payables – current	**(3,454,923)**	642,236	**(2,812,687)**
Equity			
Non-controlling interests	**(6,426)**	(30,550)	**(36,976)**
Statement of cash flows			
Statement of cash flows			
Net cash generated from operating activities	**463,928**	(43,144)	**420,784**
Net cash used in investing activities	**(2,570,344)**	(1,000,292)	**(3,570,636)**
Net cash generated from financial activities	**1,311,517**	1,043,436	**2,354,953**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

34. Reclassifications and errors cont.

- Loans provided to joint ventures amounted to AED 144.7 million were previously classified under trade and other receivables in the consolidated financial statements as of 31 December 2020 and now have been reclassified into investment in joint ventures as those loans are considered as extensions of the joint venturer's investments since the settlements of these are neither planned nor likely to occur in the foreseeable future.
- The equity stake and loan amounted to AED 58.8 million in CSP Abu Dhabi Terminal LLC was previously accounted under trade and other receivables in the consolidated financial statements as of 31 December 2020 and now has been reclassified as a financial asset at fair value through other comprehensive income following the management's assessment of business model related to the investment and loan and cash flow characteristics.
- Input VAT and output VAT were previously separately accounted under receivables and payables on gross basis in the consolidated financial statements as at 31 December 2020. Given the fact that the Group has been registered for VAT as a single entity, AED 30.5 million has been reclassified from trade and other receivables to trade and other payables and presented on net basis in the consolidated financial statements.
- Retention payables of AED 128.7 million, customer deposits of AED 71.3 million, payable to the project companies of AED 264.7 million, deferred income of AED 216.4 million and lease liability of AED 35.7 million were previously presented as current liabilities in the consolidated financial statements as of 31 December 2020. Based on planned realisation dates, these have been now reclassified and presented as non-current liabilities.
- Prepayments of AED 42.7 million was previously presented under the trade and other receivables in the consolidated financial statements as of 31 December 2020 and now has been reclassified under the prepayments and advances by following the exact nature of the balances.
- Non-cash capital contribution of AED 30.6 million made by a non-controlling interest of one of the Group's subsidiaries was previously presented under the trade and other payables in the consolidated financial statements as of 31 December 2020 and now has been separately presented under the non-controlling interest.
- Funds provided by the Government of Abu Dhabi to the Group amounted to AED 233.8 million for the purpose of construction of a port facility in the Emirate of Abu Dhabi was previously accounted under the trade and other payables in the consolidated financial statements as of 31 December 2020 and now has been reclassified into the deferred government grant following the exact nature of the balance.
- Unbilled lease receivable of AED 115.5 million was previously netted off with the deferred income and shown as a liability on the net basis in the consolidated financial statements as of 31 December 2020. Given that these amounts represent the balances to be settled separately on gross basis, the balance has been presented under unbilled lease receivables and deferred income on gross basis.
- Trade receivables and deferred income of AED 46.4 million were previously presented separately on gross basis in the consolidated financial statements as of 31 December 2020. Given that these balances are to be settled on net basis, the balances have been presented under deferred income on net basis.
- There is no impact on the basis and diluted earning per share from the above restatements since net profit for the year ended 31 December 2020 was not affected from them.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Cont.

For the year ended 31 December 2021

35. Events after the reporting period

1. The Group increased its number of ordinary shares by 1,250 million from 3,840 million to AED 5,090 million divided with a nominal value of AED 1 each. During February 2022, these shares were issued to the general public at a price of AED 3.20 per share; total contribution 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 75.44% stake in the Company's share capital.
2. On 8 February 2022, 5,090 million of Company's ordinary shares were listed on Abu Dhabi Stock exchange's ("ADX") first market – first category.
3. During January 2022, the parent undertaking of the Group, ADQ transferred ownership stakes in two listed companies comprising of 22.32% stake in Aramex PJSC ("Aramex") and a 10% stake in National Marine Dredging Company PJSC ("NDMC") to the Group as the owner's contribution. Total book value of the investments on the acquisition date amounted to AED 2,522.50 million.
4. During December 2021, the Group (the "seller") entered into a sales and purchase agreement with one of its related party (an entity under common control) (the "buyer") to sell a warehouse in one of Group's property to the buyer for a purchase consideration of AED 310 million. The sales terms specified in the agreement were satisfied, cash transferred, and rights and obligations attached to the property transferred to the buyer during January 2022 and accordingly, the sale of the property was recognised for 2022. The asset related to this sale transaction was classified as an asset held for sale in the consolidated financial position as of 31 December 2021 (note 36).
5. During December 2021, the Group (the "buyer") entered into a sales and purchase agreement with a third party (the "seller") to acquire 100% stake of Divetech Marine Engineering Services, a UAE-based topside-subsea solutions provider for an undisclosed consideration. The sales terms specified in the agreement were satisfied, cash transferred, and rights and obligations attached to the transaction was completed during February 2022 and accordingly, recognised as a business acquisition in 2022.
6. During December 2021, the Group (the "buyer") entered into a sales and purchase agreement with a third party (the "seller") to acquire 100% stake of Aligator Shipping Co LLC, a UAE-based Company for an undisclosed consideration. The sales terms specified in the agreement were satisfied, cash transferred, and rights and obligations attached to the transaction was completed during February 2022 and accordingly, recognised as a business acquisition in 2022.

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

36. 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 is lower than the net realisable value from the sale.

37. 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		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Current assets	85,440	11,398	16,428	24,326	101,868	35,724
Non-current assets	77,358	64,231	2,654	3,382	80,012	67,613
Current liabilities	66,108	11,010	7,924	16,542	74,032	27,552
Non-current liabilities	130	8	480	319	610	327
(NET LIABILITIES) /NET ASSETS	**96,560**	**64,611**	**10,678**	**10,847**	**107,238**	**75,458**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**49,247**	**32,952**	**5,446**	**5,533**	**54,693**	**38,485**
NON-CONTROLLING INTERESTS	**47,313**	**31,659**	**5,233**	**5,315**	**52,546**	**36,974**
Revenue	111,764	9,778	18,448	38,183	130,212	47,961
Expenses	(98,181)	(9,547)	(16,419)	(33,157)	(114,600)	(42,704)
Profit/(loss) for the year	13,789	231	2,029	5,026	15,818	5,257
Profit/(loss) attributable to owners of the Company	6,927	118	1,035	2,564	7,962	2,682
Profit/(loss) attributable to the non-controlling interests	6,656	113	994	2,463	7,650	2,576

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

37. Non-controlling interests cont.

	Total AED'000 restated
At 1 January 2020	2,890
Share of profit for the year	2,576
Payment of dividends	-
Non-controlling interests arising on the contributions	31,510
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 31 DECEMBER 2021	**52,546**

38. Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on:

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

AD PORTS GROUP HQ

Gate 1 (Next to Zayed Port)
Al Mina Street
PO Box 54477
Abu Dhabi
UAE

AD PORTS GROUP

adportsgroup.com