Abu Dhabi Ports Company PJSC

Consolidated financial statements

31 December 2020

Principal business address:
Abu Dhabi Ports HQ
Zayed Port Gate 1
P.O. Box: 54477
Abu Dhabi
United Arab Emirates

Abu Dhabi Ports Company PJSC

Consolidated financial statements

Contents ***Page***

Abu Dhabi Ports Company PJSC

Directors' report
for the year ended 31 December 2020

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 2020.

Results
The Group has earned revenue of AED 3,423,897 thousand *(2019: AED 2,767,626 thousand - Restated)* and earned a net profit of AED 397,008 thousand for the year ended 31 December 2020 *(2019: AED 499,352 thousand - Restated).*

Accounts
The Directors have reviewed and approved the consolidated financial statements of the Group for the year ended 31 December 2020.

Directors
The following directors served the Group effective from 1 June 2020:

H.E. Falah Al Ahbabi	Chairman (since 22 July 2019)
Mr. Khalifa Sultan Hazim Al Suwaidi	Vice-Chairman
Mr. Jasim Husain Thabit	Member
Mr. Mansour Mohamed Abdulqader Al Mulla	Member
Mr. Murtaza Hussain	Member

Release
The Directors release the external auditor and management from any liability in connection with their duties for the year ended 31 December 2020.

On behalf of the Board

Chairman
22 APR 2021

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' 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 (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

Other information (continued)

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) 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;

iii) the Group has maintained proper books of account;

Report on Other Legal and Regulatory Requirements (continued)

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 17 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2020;

vi) note 28 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) 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 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, it's Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2020; and

viii) Note 25 to the consolidated financial statements discloses the social contributions made during the year.

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 Group has not complied, in all material aspects, with any of the provisions of the following laws, regulations and circulars applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2020:

- 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; and
- Relevant provisions of the applicable laws, resolutions and circulars organising the Company's operation

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Abu Dhabi, United Arab Emirates

Date: 22 APR 2021

Abu Dhabi Ports Company PJSC

Consolidated statement of financial position
as at 31 December

	Note	2020 AED'000	2019 AED'000 *Restated**
Assets			
Property, plant and equipment	*8*	**15,374,891**	13,019,334
Trade and other receivables	*13*	**1,332,580**	1,022,704
Right-of-use assets	*6*	**665,026**	701,541
Intangible assets and goodwill	*9*	**234,733**	245,424
Investment properties	*10*	**3,458,019**	3,775,089
Investment in joint ventures	*11*	**284,071**	309,048
Non-current assets		**21,349,320**	19,073,140
Inventories	*15*	**16,420**	11,809
Trade and other receivables	*13*	**2,140,341**	1,481,751
Short-term loan to a related party	*28*	**700,000**	-
Prepayments and advances	*14*	**336,731**	89,039
Cash and bank balances	*16*	**271,411**	1,088,778
Current assets		**3,464,903**	2,671,377
Total assets		**24,814,223**	21,744,517
Equity and liabilities			
Equity			
Share capital	*17*	**3,840,000**	3,840,000
Statutory reserve	*18*	**295,292**	255,849
Retained earnings		**2,387,520**	2,032,531
Assets distribution reserve		**(22,063)**	(22,063)
Cash flow hedge reserve		**(134,175)**	(103,781)
Merger reserve	*12*	**1,319,288**	1,520,656
Owner's contribution		**33,343**	-
Equity attributable to owners of the Company		**7,719,205**	7,523,192
Non-controlling interests		**6,426**	2,890
Total equity		**7,725,631**	7,526,082

***** The balances for the year ended 31 December 2019 have been restated, refer to note 12.

Continued.....

Abu Dhabi Ports Company PJSC

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

	Note	**2020** **AED'000**	2019 AED'000 *Restated**
Liabilities			
Provision for employees' end of service benefits	*19*	**97,323**	84,582
Deferred government grant	*7*	**6,119,865**	5,897,414
Payable to the project companies	*21*	**2,429,047**	2,433,395
Borrowings	*20*	**-**	1,691,900
Lease liabilities	*6*	**774,094**	774,754
		-------------	-------------
Non-current liabilities		**9,420,329**	10,882,045
		-------------	-------------
Bank overdrafts	*16*	**-**	22,120
Borrowings	*20*	**4,050,000**	28,086
Trade and other payables	*22*	**3,454,923**	3,073,076
Lease liabilities	*6*	**56,355**	46,230
Deferred government grant	*7*	**106,985**	166,878
		-------------	-------------
Current liabilities		**7,668,263**	3,336,390
		-------------	-------------
Total liabilities		**17,088,592**	14,218,435
		-------------	-------------
Total equity and liabilities		**24,814,223**	21,744,517
		========	========

To the best of our knowledge, the consolidated financial statements of the Group fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of the Group as of and for the year ended 31st December 2020.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 APR 2021 and were signed on their behalf by:

H.E. Falah Al Ahbabi	Mohamed Al Shamisi	Martin Aarup
Chairman	*Chief Executive Officer*	*Chief Financial Officer*

The notes set out on pages 12 to 70 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

*****The balances for the year ended 31 December 2019 have been restated, refer to note 12.

Abu Dhabi Ports Company PJSC

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December

	Note	**2020 AED'000**	2019 AED'000 *Restated**
Revenue	*23*	**3,423,897**	2,767,626
Government grants	*7*	**106,985**	105,754
Direct costs	*24*	**(1,749,884)**	(1,274,176)
Gross profit		**1,780,998**	1,599,204
Share of profit from joint ventures	*11*	**51,017**	42,190
General and administrative expenses	*25*	**(564,367)**	(633,192)
Impairment of trade receivables	*13*	**(92,394)**	(183,617)
Selling and marketing expenses		**(29,542)**	(34,684)
Finance income		**4,645**	13,365
Impairment of investment properties	*10*	**(458,900)**	-
Finance costs	26	**(326,786)**	(308,947)
Other income	*27*	**32,337**	5,033
Profit for the year		**397,008**	499,352
Attributable to the owners of the Company		**394,432**	496,971
Non-controlling interests		**2,576**	2,381
Profit for the year		**397,008**	499,352
Other comprehensive income for the year			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Equity accounted investees – Share of OCI	*11*	**(30,394)**	(27,161)
Total comprehensive income for the year		**366,614**	472,191
Attributable to the owners of the Company		**364,038**	469,810
Non-controlling interests		**2,576**	2,381
		366,614	472,191

The notes set out on pages 12 to 70 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

*****The balances for the year ended 31 December 2019 have been restated, refer to note 12

Abu Dhabi Ports Company PJSC

Consolidated statement of changes in equity
for the year ended 31 December

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Assets distribution reserve AED'000	Cash flow hedge reserve AED'000	Merger reserve AED'000	Owners contribution AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2019 *(As previously reported)*	3,840,000	203,446	1,587,963	(22,063)	890	-	-	5,610,236	509	5,610,745
Acquisition of ZonesCorp *(note 12)*	-	-	-	-	(77,510)	1,520,656	-	1,443,146	-	1,443,146
Balance at 1 January 2019 *(Restated*)*	**3,840,000**	**203,446**	**1,587,963**	**(22,063)**	**(76,620)**	**1,520,656**	**-**	**7,053,382**	**509**	**7,053,891**
Profit for the year	-	-	496,971	-	-	-	-	496,971	2,381	499,352
Other comprehensive income for the year	-	-	-	-	(27,161)	-	-	(27,161)	-	(27,161)
Total comprehensive income for the year *(Restated*)*	**-**	**-**	**496,971**	**-**	**(27,161)**	**-**	**-**	**469,810**	**2,381**	**472,191**
Transferred to statutory reserve	-	52,403	(52,403)	-	-	-	-	-	-	-
Balance at 31 December 2019 *(Restated*)*	3,840,000	255,849	2,032,531	(22,063)	(103,781)	1,520,656	-	7,523,192	2,890	7,526,082
Balance at 1 January 2020 *(Restated*)*	3,840,000	255,849	2,032,531	(22,063)	(103,781)	1,520,656	-	7,523,192	2,890	7,526,082
Profit for the year	-	-	394,432	-	-	-	-	394,432	2,576	397,008
Other comprehensive income for the year	-	-	-	-	(30,394)	-	-	(30,394)		(30,394)
Total comprehensive income for the year	**-**	**-**	**394,432**	**-**	**(30,394)**	**-**	**-**	**364,038**	**2,576**	**366,614**
Establishment of a subsidiary	-	-	-	-	-	-	-	-	960	960
Transferred to statutory reserve	-	39,443	(39,443)	-	-	-	-	-	-	-
Owners contribution	-	-	-	-	-	-	33,343	33,343	-	33,343
Acquisition consideration of ZonesCorp *(note 12)*	-	-	-	-	-	(201,368)	-	(201,368)	-	(201,368)
Balance at 31 December 2020	**3,840,000**	**295,292**	**2,387,520**	**(22,063)**	**(134,175)**	**1,319,288**	**33,343**	**7,719,205**	**6,426**	**7,725,631**

The notes set out on pages 12 to 70 form an integral part of these consolidated financial statements.

* The balances for the year ended 31 December 2019 have been restated, refer to note 12.

Abu Dhabi Ports Company PJSC

Consolidated statement of cash flows
for the year ended 31 December

	Note	2020 AED'000	2019 AED'000 *Restated**
Cash flows from operating activities			
Profit for the year		**397,008**	499,352
Adjustments for:			
Depreciation on property, plant and equipment and investment properties	*8*	**431,717**	393,222
Amortisation of right-of-use assets	*6*	**33,322**	33,097
Amortisation of intangible assets	*9*	**10,691**	10,690
Share of profit from joint ventures	*11*	**(51,017)**	(42,190)
Impairment of trade receivables	*13*	**92,394**	183,617
Provision for slow moving inventories	*15*	**797**	992
Amortisation of government grant	*7*	**(106,985)**	(105,754)
Gain on disposal of property, plant and equipment		**497**	(2,664)
Provision for employees' end of service benefits	*19*	**28,497**	15,518
Finance income		**(4,645)**	(13,365)
Impairment loss on investment properties		**458,900**	-
Other income		**(4,797)**	12,300
Interest expense on lease liability		**39,712**	38,611
Bank borrowing cost		**25,942**	19,458
Other finance cost		**261,132**	250,878
Capital work-in-progress written-off		**-**	229
		1,613,165	1,293,991
Changes in:			
Trade and other receivables		**(1,060,860)**	(299,125)
Prepayments and advances		**(247,692)**	33,752
Inventories		**(5,408)**	(2,384)
Trade and other payables		**180,479**	751,017
Cash from operating activities		**479,684**	1,777,251
Employees' end of service benefits paid	*19*	**(15,756)**	(8,303)
Net cash generated from operating activities		**463,928**	1,768,948
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**13,879**	18,907
Additions to property, plant and equipment	*8*	**(2,669,823)**	(1,948,344)
Additions to investment properties	*10*	**(240,313)**	(37,741)
Government grant		**269,543**	274,640
Dividend received from equity accounted investees		**45,600**	45,650
Acquisition of a subsidiary, net of cash acquired		**-**	(104,055)
Net movement in non-controlling interests		**960**	-
Other income received		**4,797**	-
Finance income received		**4,645**	1,065
Net cash used in investing activities		**(2,570,712)**	(1,749,878)

Continued…..

Abu Dhabi Ports Company PJSC

Consolidated statement of cash flows (continued)

For the year ended 31 December

	Note	**2020 AED'000**	2019 AED'000 *Restated**
Cash flows from financing activities			
Proceeds from borrowings		**2,369,552**	751,399
Repayment of borrowings		**(39,538)**	(20,810)
Payment of lease liability	*6*	**(27,075)**	(30,448)
Short-term loan to a related party		**(700,000)**	-
Borrowing cost paid		**(25,942)**	(3,465)
Finance cost paid to project companies		**(265,480)**	(265,073)
Net cash from financing activities		**1,311,517**	431,603
Net (decrease) / increase in cash and cash equivalents		**(795,267)**	450,673
Cash and cash equivalents at the beginning of the year	*16*	**1,056,945**	606,272
Cash and cash equivalents at the end of the year	*16*	**261,678**	1,056,945

During the year, the group was involved in following non-cash transactions:

- Owners contribution from the Parent Company amounting to AED 33 million *(31 December 2019: Nil)*.

The notes set out on pages 12 to 70 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

*****The balances for the year ended 31 December 2019 have been restated, refer to note 12.

1 Legal status and principal activities

Abu Dhabi Ports Company PJSC ("the Company" or "AD Ports") 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 Emirates").

The Company was registered with the Department of Planning and Economy 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.

The Company is ultimately owned by the Government of Abu Dhabi ("the Government").

The principal activities of the Company and its subsidiaries (“the Group”) are as follows:

- To own, operate, maintain, manage and develop all ports, docks, harbours, quays, waterways, bridges, breakwaters, infrastructure and related installations in the Emirate of Abu Dhabi.

- To construct, manage and develop the industrial, commercial and non-financial service free zones on plots of land granted or allocated by the Government of Abu Dhabi to the Company in accordance with a plan approved by the Executive Council.

The Company was given control and regulatory enforcement power over all commercial ports assets previously owned by Abu Dhabi Seaports Authority.

Khalifa Port and Industrial Zone (“KPIZ”) includes a large scale off-shore container, industrial port and maritime facility ("Khalifa Port" together with Mina Zayed referred to as "the Ports") as well as an industrial zone, which comprises industrial, transport, logistics, commercial and residential clusters ("the Industrial Zone"). Phase one of the KPIZ commenced operations during the last quarter of 2012.

KPIZ established a network of basic infrastructure and utilities to service the high, medium and low impact industry zones, alongside proposed residential, commercial and educational zones. It is divided into distinct clusters, each providing appropriate infrastructures and services needed to support the specific activities in the zones.

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. Therefore, at the reporting date, ADQ is the parent undertaking of the Company, and the Government of Abu Dhabi (the “Government”) is the ultimate controlling undertaking of the Company.

2.1 Basis of preparation

(a) Going concern basis of accounting

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group’s net current liabilities exceeded its current assets as of 31 December 2020 by AED 4.2 billion *(2019: AED 665 million).* The Group has prepared cash flow forecasts for the foreseeable future, which assumes the Group being able to honor its financial obligations. Management of the Group expects to continue to receive financial support from the immediate parent “Abu Dhabi Developmental Holding Company PJSC”. Further, the Group has secured additional facilities, including bank revolving credit facilities subsequent to year-end.

2.1 Basis of preparation *(continued)*

(a) Going concern basis of accounting

Whilst the Group's current bank borrowings, which the Group has availed for a number of years on a short term, revolving basis, are due for repayment in 2021, the Group could also seek to roll over these current bank borrowings for repayment in future periods if the circumstances require. Based on past practice, the Group's forecast financial performance and its strong relationship with its banks, the Directors are confident that the Group will be able to successfully secure additional funding and/or roll over loans maturing in 2021 to future periods as required. On the basis of the foregoing the Directors have prepared the consolidated financial statements on the basis that the Group will be able to meet its financial and other obligations as they fall due for the foreseeable future, and for a period of at least 12 months from the date of approval of these consolidated financial statements.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the applicable provisions of UAE Federal Law No 2 of 2015.

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

(c) Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED") which is the functional currency of the Group. All values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

2.2 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 2020	Ownership interest 2019	Country of incorporation	Principal activity
Specialized Economic Zones Company (Zonescorp) Sole Properitership LLC	99%	99%	UAE	Leasing of residential and industrial plots and provision of foreign labour services
MICCO Logistics- Sole Proprietorship LLC	99%	99%	UAE	Freight forwarding and logistics manegement
Abu Dhabi Marine Services Safeen LLC	99%	99%	UAE	Consolidated marine services to Abu Dhabi ports users
Khalifa Industrial Zone Company LLC	99.8%	99.8%	UAE	Managing the Khalifa Industrial Zone in Abu Dhabi
Abu Dhabi Free Zone LLC	99%	99%	UAE	Invest, establish and manage commercial, Industrial, Service and real estate projects
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	Provision services for Development, Management and Marketing of free zones
Al Yaher General Trading Ltd (Al Yaher)	100%	100%	UAE	General trading products
Maqta Gateway LLC	99%	99%	UAE	Marine Transportation and Ports Engineering Consultancy
Fujairah Terminals Operating Co – Fujairah Terminals LLC	99%	99%	UAE	Marine Transportation and Ports Engineering Consultancy
Abu Dhabi Ports Operating and Logistic Company LLC	99%	99%	UAE	Logistics business operations in KPCT
Auto terminal Khalifa Port LLC	51%	51%	UAE	Operate the RoRo terminal in KP, handle automobile imports and transhipments
Abu Dhabi Maritime Academy – Sole Proprietorship LLC	100%	100%	UAE	Provide education and maritime training in the UAE and the region
OFCO Offshore support – & Logistics services LLC	51%	-	UAE	Provide maritime logistics services to offshore and onshore customers

Al Awaid Project Management & Property LLC, Al Howaitha General Contracting & Logistics LLC, are dormant and did not have any activities during the years ended 31 December 2020 and 2019.

One of the key objectives of ATK is to replicate the outstanding services that the leading multimodal car terminal in the Mediterranean has been offering its customers for the past 25 years. The principal activity of ATK is to maintain and operate the Ro-Ro terminal at Khalifa port. The subsidiary will transform the port into the regional automotive shipping hub for the Lower and Upper Gulf, Western India and East Africa. The share capital of ATK and the ownership percentages are as follows:

2.2 Basis of consolidation *(continued)*

Shareholders of ATK:	***Ownership %***	***AED'000***
Abu Dhabi Ports	**51%**	**76**
Auto-terminal S.A.	**49%**	**74**
	100%	**150**

On 2 April 2020, Abu Dhabi Marine Services Co-Safeen LLC and Allianz Marine and Logistics Services Holding LTD, a private company incorporated in Abu Dhabi, signed a shareholding agreement to establish a new entity namely OFCO Offshore Support & Logistic Services L.L.C, a company incorporated in UAE, with an intention to create a dynamic maritime services offering to the market combining the expertise of both the parties. The principal activities of OFCO are to provide integrated maritime logistic services to offshore and onshore customers. The share capital of OFCO and the ownership percentages are as follows:

Shareholders of OFCO:	***Ownership %***	***AED'000***
1 Abu Dhabi Marine Services Co-Safeen LLC	**51%**	**76**
2 Allianz Marine and Logistics Services Holding LTD	**49%**	**74**
	100%	**150**

Subsidiaries

Subsidiaries are all entities over which the Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

2.2 Basis of consolidation *(continued)*

Business combination and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised in profit or loss immediately.
Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.2 Basis of consolidation *(continued)*

Goodwill *(continued)*

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ·controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

3.1 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

Financial instruments

Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification and subsequent measurement

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.

3.1 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*

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.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

3.1 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Derivative financial instruments and hedge accounting

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

Cash flow hedges

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

Derecognition of financial assets and liabilities

Financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities:

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.1 Significant accounting policies *(continued)*

Financial instruments *(continued)*

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.

Impairment

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt instrument that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as releasing security (if any is held); or
- The financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

3.1 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Impairment *(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable date;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 360 days past due;
- The restructuring of a loan or advance by the group on terms that the group would not consider other wise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial amortised cost are deducted from the gross carrying amount of the assets. For debt securities FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Investments 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.

3.1 Significant accounting policies *(continued)*

Investments in joint ventures *(continued)*

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income.
The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group recognise share of loss of a joint venture to the extent of the Group's interest in the investee, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1 Significant accounting policies *(continued)*

Intangible assets

Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Other intangible assets	Other 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

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

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	**28**

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

Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirements to operate in accordance with its main mandate of operating, managing, maintaining and developing all ports in the Emirate of Abu Dhabi.

Non-monetary government grants are recognised when there is reasonable assurance that the asset will be received and the Group will comply with any attached conditions, where applicable. Non-monetary government grants are recorded at a nominal value on recognition.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.1 Significant accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of assets, as follows:

Port infrastructure	**3 – 50 years**
Road infrastructure	**3 – 50 years**
Substations	**25 years**
Building and building improvements	**2 – 50 years**
Office equipment and furniture	**3 – 25 years**
Gas network	**4 years**
Motor vehicles	**4 – 10 years**
Channel infrastructure improvement	**3 – 5 years**

No depreciation is provided on land development.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair values less costs to sell and their values in use.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. 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 expenditures are capitalised only when they increase the future economic benefits of the related item of property, plant and equipment. All other expenditures are recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus within equity.

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 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.

3.1 Significant accounting policies *(continued)*

Inventories

Inventories are valued at the lower of cost, calculated using the weighted average method, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investment properties

Investment properties, which comprise of properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) are measured at their cost, including transaction costs.

Depreciation is charged so as to write-off the cost of properties over their estimated useful lives, using straight-line method. No depreciation is provided on land. Investment properties are depreciated over their useful lives of 20 to 50 years.

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 gain or loss arising on the disposal or retirement of investment properties are determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss and other comprehensive income.

Rental income from investment property is recognised as other revenue on a straight-line basis over
the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent appropriate market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount.

3.1 Significant accounting policies *(continued)*

Impairment of non-financial assets *(continued)*

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and fixed deposits with original maturity of three months or less, less overdrafts, (if any).

Revenue recognition

Revenue is measured based on the consideration specified in a contract with customer. The Company recognizes revenue when it transfers controls over a goods or services 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.

Performance obligations and revenue recognition policies:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms
Marine, logistics and container handling services	Marine and container handling services are completed as and when the vessel operation was completed. This includes movement of container from the vessel to yard or yard to vessel and other services provided to the vessels, Customer obtain the control of services when vessel operation is completed. Invoices are generated at that point in time. Similarly services related to shifting, loading, unloading and other ancillary port services are performed when the event is completed. Revenue and associated costs are recognised at a point in time as and when the performance obligation or service delivery is completed. The stand-alone selling prices will be determined based on service performed with reference to the contract or public Tariff if no contract with the customer and gross tonnage of the vessel.

3.1 Significant accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from storage services	The Group also provides 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 storage services is recognised over a period of storage days and are usually payable within 30 to 45 days. .
Revenue from port operations	Revenue from port operations is recognised at a point in time when the service is provided. The selling price will be determined based on weight and volume of the cargo and the rates set as per tariff.

Un-billed lease receivables

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.

Interest income

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.

3.1 Significant accounting policies *(continued)*

Finance cost

The Group recognises the interest on lease liabilities, payable to project companies and other bank borrowing costs as a component of finance costs which are presented separately in the statement of profit and loss and other comprehensive income.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings

The Group's borrowings are carried on the consolidated statement of financial position at their amortised cost. Instalments due within one year are shown as a current liability.

Borrowing cost

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

Leases

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which is located, less any lease incentive received

The right-of-use asset amortisation is calculated on a straight-line basis over the estimated useful life of the leased assets, as follows:

Land	**50 years**
Ports	**35 years**
warehouses	**10-30 years**

3.1 Significant accounting policies *(continued)*

Leases *(continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The Group leases out its investment properties, including own property and right of use assets. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

3.1 Significant accounting policies *(continued)*

Leases *(continued)*

As a lessor *(continued)*

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Employees' benefits

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

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of profit or loss and other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into UAE Dirhams at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into UAE Dirhams at the exchange rates at the dates of the transactions. Foreign currency differences from non-monetary assets and liabilities are recognised in the consolidated statement of profit or loss and other comprehensive income.

3.2 Application of new and revised international financial reporting standards "IFRS"

(i) New and revised IFRSs effective for accounting periods beginning on or after 1 January 2020:

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below did not result in changes to previously reported consolidated net profit or equity of the Group:

Description	*Effective from*
Definition of Material – Amendment to IAS 1 and IAS 8	1 January 2020
Definition of a Business – Amendment to IFRS 3	1 January 2020
Amendment to References to Conceptual Framework in IFRS Standards	1 January 2020
Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
Amendment to IFRS 16 regarding COVID -19 related concession	1 January 2020

(ii) Standards issued but not yet effective:

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

The following amended standards are not expected to have a significant impact on the consolidated financial statements of the Group:

- Onerous Contracts- Cost of fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) .
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

4 Use of estimates and judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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

Management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and has determined that, no other adjustment is necessary.

Impairment assessment of property, plant and equipment, including capital work-in-progress, and investment properties

Property, plant and equipment including properties classified under capital work-in-progress, and investment properties are assessed for impairment based on assessment of cash flows on individual cash generating units when there is an indication of impairment. Refer *Note 8* and *10* for further details.

In assessing whether there is any indication that the completed assets, investment properties and capital-work-in progress 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.

Budgeted net cash flows are determined based on estimations over the useful life of the assets and discounted using a range of discount rates on such cash generating units. Management is satisfied that there are no impairment indications with respect to completed assets, investment properties and capital work in progress.

Impairment losses on trade amounts including unbilled lease receivables (refer to note 13) and due from related parties

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

4 Use of estimates and judgements *(continued)*

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

• determining the criteria for significant increase in credit risk;
• determining the criteria and definition of default;
• choosing appropriate models and assumptions for the measurement of ECL; and
• establishing groups of similar financial assets for the purposes of measuring ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Impairment of investment in a joint venture

Management regularly reviews its investment in joint ventures for indicators of impairment. This determination of whether investment in a joint venture impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability is to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of the investment is recognised as an expense in consolidated statement of profit or loss and other comprehensive income.

Management is satisfied that no impairment provision is required for its investment in a joint venture with reference to cash flow projections provided by the joint ventures and discount rate of 8%. Which would then arrive to a net present value in excess of the carrying value of the joint venture.

5 Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes in the notes specific to that asset or liability.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

5 Determination of fair value

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes: (unobservable inputs).

- Goodwill – *note 9*.
- Investment property – *note 10*.

6 Leases

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. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, 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.

6 Leases *(continued)*

Right-of-use assets

Information about leases for which the Group is a lessee is presented below:

	Lands AED'000	Ports infrastructure AED'000	Office buildings AED'000	Plant and equipment AED'000	Total AED'000
Balance at 1 January 2019 *(As previously reported)*	82,470	374,684	-	-	457,154
Impact of IFRS 16 implementation	-	-	255,264	-	255,264
Transfer from property, plant and equipment	-	-	-	74,646	74,646
Amortisation charge for the Year	(1,724)	(11,185)	(16,795)	(3,393)	(33,097)
Transfer to property, plant and equipment	-	-	-	(52,426)	(52,426)
Balance at 31 December 2019 *(Restated*)*	80,746	363,499	238,469	18,827	701,541
Balance at 1 January 2020 *(Restated*)*	80,746	363,499	238,469	18,827	701,541
Amortisation charge for the year	(1,724)	(11,184)	(17,020)	(3,394)	(33,322)
Discount received during the year	-	-	(3,193)	-	(3,193)
Balance at 31 December 2020	**79,022**	**352,315**	**218,256**	**15,433**	**665,026**

Lease liabilities

	2020 AED'000	2019 AED'000 *Restated**
Maturity analysis – contractual undiscounted cash flows:		
Less than five years	**382,427**	351,429
More than five years	**1,124,867**	1,182,314
Total undiscounted lease liabilities at 31 December	**1,507,294**	1,533,743

Lease liabilities included in the consolidated statement of financial position at 31 December:

	2020 AED'000	2019 AED'000 *Restated**
Current	**56,355**	46,230
Non-current	**774,094**	774,754
	830,449	820,984

*For restatement, refer to note 12

6 Leases *(continued)*

Lease liabilities *(continued)*

Amount recognised in the consolidated statement of profit or loss and other comprehensive income:

	2020	2019
	AED'000	AED'000
		*Restated**
Interest on lease liabilities	**39,712**	38,611
	=======	=======
Amortisation of right-of-use asset	**33,322**	33,097
	=======	=======

Amount recognised in the consolidated statement of cash flows:

	2020	2019
	AED'000	AED'000
		*Restated**
Total cash outflow for leases	**27,075**	30,448
	=======	=======

7 Deferred government grants

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. 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.

On 13 December 2011 the Executive Council approved additional funding to the Company as compensation for certain assets constructed by the Company and in December 2013 the Company 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 6.04 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 1.04 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.

7 Deferred government grants *(continued)*

Management has assessed the agreement with DOF and concluded that it represents a monetary government grant. As such, a government grant of AED 6.04 billion has been recognised in the consolidated statement of financial position.

During 2020 the Group received grants of AED 322.9 million related to construction of Covid-19 related assets which mainly includes a cold store and Razeen Infrastructure.

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.

The table below illustrate the grants that has been awarded to the Group:

Project name	**2020 AED'000**	2019 AED'000 *Restated**	**Status of projects**
Khalifa Port asset construction	**5,239,901**	5,337,093	Completed
Marfa and Delma Ports asset construction	**220,380**	228,720	Completed
Reefer containers and KIZAD cold store	**102,512**	-	Completed
Warehouses and cold Store facility	**111,456**	-	In progress
Reimbursement received for Glove manufacturing unit Capex.	**382**	-	In progress
Construction of Silos for Food storage	**21,000**	-	In progress
Razeen Camp	**85,000**	-	In progress
Reimbursement received for Cruise Terminal Screening Center Capex	**1,011**	-	In progress
Construction of Silos for Food storage	**77**	-	In progress
Razeen labour city infrastructures	**221,293**	221,293	In progress
Auto city Phase 1	**83,875**	83,875	In progress
Shared revenue for Temporary WRC	**-**	53,348	Completed
Al faya Phase 1 & 2	**69,121**	69,121	In progress
Splitting plots and Khalifa fund	**27,650**	27,650	In progress
Hameem Project	**14,089**	14,089	In progress
HSE manpower cost and operation expenses	**8,132**	8,132	In progress
Al adlah project	**7,080**	7,080	In progress
Western Region Industrial Zones - Master planning, temporary site and red zone	**3,820**	3,820	In progress
Fencing & Signage for ZC	**4,000**	4,000	In progress
Re-zoning - Land uses of ICAD's (1,2,3 & AAIC)	**4,883**	4,883	In progress
TSE Network & Landscaping	**1,000**	1,000	In progress
Traffic Impact study	**188**	188	In progress
	6,226,850	6,064,292	

*For restatement, refer to note 12.

7 Deferred government grants *(continued)*

Movement on the deferred government grant during the year was as follows:

	2020 AED'000	2019 AED'000 *Restated**
Balance at 1 January 2019 *(As previously reported)*	**6,064,292**	5,671,568
Transfer from ZonesCorp *(note 12)*	**-**	223,838
Balance at 1 January 2019 *(Restated*)*	**6,064,292**	5,895,406
Additions during the year	**269,543**	274,640
Amount recognised as revenue during the year	**(106,985)**	(105,754)
Balance at 31 December	**6,226,850**	6,064,292

Deferred government grants are presented in the consolidated statement of financial position as follows:

	2020 AED'000	2019 AED'000 *Restated**
Within current liabilities	**106,985**	166,878
Within non-current liabilities	**6,119,865**	5,897,414
	6,226,850	6,064,292

*For restatement, refer to note 12.

8 Property, plant and equipment

	Port Infrastructure AED '000	Road Infrastructure AED '000	Substations AED '000	Land development AED '000	Building and improvements AED '000	Office equipment and furniture AED '000	Gas network AED '000	Motor vehicles AED '000	Channel infrastructure improvement AED '000	Capital work-in-progress AED '000	Total AED '000
Cost											
At 1 January 2019 *(as previously reported)*	8,142,451	488,475	358,407	93,051	1,374,944	591,720	-	3,360	7,804	1,543,655	12,603,867
Transfer from ZonesCorp *(note 12)*	-	-	-	-	118,670	410,168	12,080	-	-	-	540,918
At 1 January 2019 *(Restated*)*	**8,142,451**	**488,475**	**358,407**	**93,051**	**1,493,614**	**1,001,888**	**12,080**	**3,360**	**7,804**	**1,543,655**	**13,144,785**
Additions	-	-	-	-	664	12,702	-	22,923	-	1,981,397	2,017,686
Transfer to right-of-use asset	-	-	-	-	-	(74,646)	-	-	-	-	(74,646)
Transfers from work-in-progress	45,626	10,147	609	-	644,000	164,050	-	-	-	(864,432)	-
Transfers from investment property	-	-	-	-	-	-	-	-	-	14,223	14,223
Acquired through business combination	-	-	-	-	46,247	9,270	-	36,566	-	-	92,083
Disposals	(252)	-	-	-	-	(10,573)	-	(8,510)	-	-	(19,335)
At 31 December 2019 *(Restated*)*	8,187,825	498,622	359,016	93,051	2,184,525	1,102,691	12,080	54,339	7,804	2,674,843	15,174,796
At 1 January 2020 *(restated*)*	8,187,825	498,622	359,016	93,051	2,184,525	1,102,691	12,080	54,339	7,804	2,674,843	15,174,796
Additions during the year	-	-	-	-	2,089	65,496	-	16,288	-	2,619,293	2,703,166
Transfers from capital work-in-progress	224,781	2,178	-	-	127,384	247,343	-	-	-	(601,686)	-
Disposals	(2,557)	-	-	-	(32)	(16,206)	-	(1,946)	-	-	(20,741)
At 31 December 2020	**8,410,049**	**500,800**	**359,016**	**93,051**	**2,313,966**	**1,399,324**	**12,080**	**68,681**	**7,804**	**4,692,450**	**17,857,221**
Accumulated depreciation											
As at 1 January 2019 *(as previously reported)*	851,544	101,166	85,759	-	174,867	223,020	-	2,874	7,804	-	1,447,034
Transfer from ZonesCorp *(note 12)*	-	-	-	-	77,287	382,476	504	-	-	-	460,267
At 1 January 2019 *(Restated*)*	**851,544**	**101,166**	**85,759**	**-**	**252,154**	**605,496**	**504**	**2,874**	**7,804**	**-**	**1,907,301**
Charge for the year	149,290	19,956	14,405	-	41,306	82,786	403	7,066	-	-	315,212
Transfer to right-of-use asset	-	-	-	-	-	(52,426)	-	-	-	-	(52,426)
Disposals	(35)	-	-	-	-	(7,636)	-	(6,954)	-	-	(14,625)
At 31 December 2019 (*Restated**)	1,000,799	121,122	100,164	-	293,460	628,220	907	2,986	7,804	-	2,155,462
At 1 January 2020 *(Restated*)*	1,000,799	121,122	100,164	-	293,460	628,220	907	2,986	7,804	-	2,155,462
Charge for the year	153,151	20,144	14,415	-	39,932	96,414	401	8,777	-	-	333,234
Disposals	(1,143)	-	-	-	-	(3,756)	-	(1,467)	-	-	(6,366)
As at 31 December 2020	**1,152,807**	**141,266**	**114,579**	**-**	**333,392**	**720,878**	**1,308**	**10,296**	**7,804**	**-**	**2,482,330**
Net book value											
At 31 December 2019 *(Restated*)*	7,187,026	377,500	258,852	93,051	1,891,065	474,471	11,173	51,353	-	2,674,843	13,019,334
At 31 December 2020	**7,257,242**	**359,534**	**244,437**	**93,051**	**1,980,574**	**678,446**	**10,772**	**58,385**	**-**	**4,692,450**	**15,374,891**

* For restatement, refer to note 12.

8 Property, plant and equipment *(continued)*

Depreciation expense on property, plant and equipment and investment properties have been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **AED'000**	2019 AED'000 *Restated**
Direct costs	**365,352**	337,545
General and administrative expenses *(note 25)*	**66,365**	55,677
	431,717	393,222

Except for property, plant and equipment described in note 7 all property, plant and equipment granted by the Government of Abu Dhabi to the Group are recognised at nominal value of AED 1. Capital work-in-progress mainly comprises the costs relating to Khalifa Port and Industrial Zones (KPIZ) developments.

Staff costs of AED 155.7 million have been capitalised within capital work-in-progress during the year ended 31 December 2020 *(2019: AED* 158.2 *million).*

Borrowing costs of AED 28.4 million have been capitalised during the year ended 31 December 2020 *(2019: AED 28.4 million).*

9 Intangible assets and goodwill

	Goodwill AED'000	**Customer contracts and relationships AED'000**	**Rights AED'000**	**Total AED'000**
Cost				
Balance at 1 January 2019	32,824	172,900	27,170	232,894
Acquired during the year on business combination	21,710	8,300	-	30,010
Balance at 31 December 2019	54,534	181,200	27,170	262,904
Balance at 1 January 2020	54,534	181,200	27,170	262,904
Balance at 31 December 2020	**54,534**	**181,200**	**27,170**	**262,904**
Accumulated amortisation				
Balance at 1 January 2019	-	6,337	453	6,790
Charge for the year	-	9,785	905	10,690
Balance at 31 December 2019	-	16,122	1,358	17,480
Balance at 1 January 2020	-	16,122	1,358	17,480
Charge for the year	-	9,785	906	10,691
Balance at 31 December 2020	**-**	**25,907**	**2,264**	**28,171**
Net carrying amount				
31 December 2019	54,534	165,078	25,812	245,424
31 December 2020	**54,534**	**155,293**	**24,906**	**234,733**

9 Intangible assets and goodwill *(continued)*

Goodwill

Goodwill of AED 32,824 thousand arose from the acquisition of 50% stake in Abu Dhabi Terminals LLC ('ADT') during 2018 and AED 21,710 thousand related to the acquisition of MICCO Logistics- Sole Propriatorship LLC ("MICCO") during 2019.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	2020 **AED'000**	2019 AED'000
Logistics segment	**32,824**	32,824
Cargo segment	**21,710**	-
	------------	------------
	54,534	32,824
	=======	=======

Impairment testing for CGUs containing goodwill

A) Logistics business

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of AED 785,120 thousand, accordingly, no impairment loss has been recognised during 2020 *(2019: AED nil).*

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020 **AED'000**	2019 AED'000
Discount rate	**8%**	8%
Estimated useful live	**30 years**	30 years

9 Intangible assets and goodwill *(continued)*

Goodwill *(continued)*

Impairment testing for CGUs containing goodwill *(continued)*

B) Cargo business

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of AED 1,328,265 thousand, accordingly, no impairment loss has been recognised during 2020 *(2019: AED nil).*

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020 **AED'000**	2019 AED'000
Discount rate	**8%**	8%
Estimated useful live	**30 years**	30 years

Customer contracts & relationships

Intangible assets with a fair value of AED 172,900 thousand were 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 (the "Logistics Contract").

During 2019 Customer contracts and relationships increased by AED 8,300 thousand as a result of the acquisition of 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.

10 Investment properties

	Completed properties AED'000	Properties under development AED'000	Total AED'000
Cost			
Balance at 1 January 2019 *(as previously reported)*	288,937	121,857	410,794
Transfer from ZonesCorp *(note 12)*	2,648,895	1,217,450	3,866,345
Balance at 1 January 2019 *(Restated*)*	2,937,832	1,339,307	4,277,139
Additions	-	313,560	313,560
Transferred to property, plant and equipment	-	(14,223)	(14,223)
Write-off during the year	(6,247)	(229)	(6,476)
Transfers	148,918	(148,918)	-
Balance at 31 December 2019 *(Restated*)*	3,080,503	1,489,497	4,570,000
Balance at 1 January 2020 *(Restated*)*	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)	-
Balance at 31 December 2020	**4,203,075**	**607,238**	**4,810,313**
Accumulated depreciation and impairment losses			
Balance at 1 January 2019 *(as previously reported)*	17,650	-	17,650
Transfer from ZonesCorp *(note 12)*	699,252	-	699,252
Balance at 1 January 2019 *(Restated*)*	716,902	-	716,902
Charge for the year	78,009	-	78,009
Balance at 31 December 2019 *(Restated*)*	794,911	-	794,911
Balance at 1 January 2020 *(Restated*)*	794,911	-	794,911
Charge for the year	98,483	-	98,483
Impairment loss	458,900	-	458,900
Balance at 31 December 2020	**1,352,294**	**-**	**1,352,294**
Net carrying amount			
31 December 2019 *(Restated)*	2,285,592	1,489,497	3,775,089
31 December 2020	**2,850,781**	**607,238**	**3,458,019**

* For restatement, refer to note 12.

10 Investment properties *(continued)*

Rental income from investment properties of AED 786.4 million *(2019: AED 372.2 million - Restated)* was earned and maintenance expense of AED 207.6 million *(2019: AED 83 million - Restated)* were incurred during the year ended 31 December 2020.

A portion of the Group's investment properties is recognised at cost of AED 1, which represents the nominal value of granted assets. These investment properties include warehouses and assets relating to Khalifa Industrial Zone Abu Dhabi, Zayed Port, ICAD and Razeen . The fair value of the warehouses as estimated by management was AED 8,967 million as at 31 December 2020 *(2019: AED 5,617 million - Restated)*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The valuation was determined by reference to discounted cash flows projections based on reliable estimates of future cash flows, supported by the expected terms of existing lease arrangements and using a discount rate of 8%, reflecting management's current market assessment of uncertainty in the amount and timing of the cash flows. The effective date of the valuation is 31 December 2020.

All assets for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, as level 3 as at 31 December, 2020 and *(December 31, 2019)* based on the income approach involving yield and discount rates that are unobservable inputs.

There has been no transfers in the current year between the levels of the fair value hierarchy *(2019: Nil)*
Fair value and carrying amount of investment properties are as follows:

	2020		2019	
	Carrying value AED'000	**Fair value AED'000**	Carrying value AED'000 *Restated**	Fair value AED'000
Completed projects				
KIZAD warehouses	**534,323**	**786,257**	412,326	735,900
WRC, Eskan El Jamae	**125,353**	**222,522**	128,975	222,522
Razeen city	**940,042**	**954,900**	-	-
Industrial City of Abu Dhabi (ICAD II)	**354,502**	**1,984,459**	375,458	1,732,940
Industrial City of Abu Dhabi (ICAD III)	**744,845**	**4,169,552**	784,079	1,181,060
Al Ain Industrial City (AAIC)	**151,716**	**849,287**	160,057	297,880
Properties under development				
Capital work in progress	**607,238**	**-**	500,394	-
Razeen City	**-**	**-**	1,413,800	1,446,900
	3,458,019	**8,966,977**	3,775,089	5,617,202

* For restatement, refer to note 12.

11 Investment in a joint venture

i) Investment in ADT

The Group had a 50% equity interest in Abu Dhabi Terminals LLC ("ADT"), a joint venture involved in the operation and management of ports facilities registered in the UAE. The Group's interest in ADT was accounted for using the equity method in the consolidated financial statements. In April 2018 the Group acquired the remaining 50% equity in ADT from the other shareholders for a total consideration of AED 200 million, such that ADT became a wholly owned subsidiary of AD Ports. ADT has two main operating segments ("Logistics operation" and "Containers operation").

In 2018 the Logistics operation business of ADT was carved-out and transferred into a newly established entity (Abu Dhabi Ports Operating and Logistic Company LLC), which is wholly owned by AD Ports, whilst the Containers operation was retained in ADT.

Subsequent to the above transaction, 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 measured at fair value and accounted for as a joint venture amounting to AED 20,700 thousand *(Note 11)*, including goodwill of AED 17,850 thousand.

ii) Investment in other joint ventures

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:

1- K Shipping Investment Ltd ("K-Shipping")
2- ALM Shipping Management Ltd ("ALM Shipping")
3- Compagnie Des Chargeurs De Guinee SA ("CCG")
4- Compagnie Maritime De Guinee SA ("CMG")

The main objective of these entities is to construct, own and operate a number of vessels to manage the transhipments of certain materials from the port of Guinea to the mother vessels in the ocean for onward shipment to the UAE.

iii) Investment in ZonesCorp Infrastructure fund

The Group has a 50% equity interest in ZonesCorp Infrastructure fund ("ZIF") formed. ZIF comprises 100% equity interests in four subsidiaries, 'the Project Companies', refer to note 21. 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 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.

11 Investment in a joint venture *(continued)*

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

Joint ventures	Percentage of ownership		Place of registration
	2020	2019	
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

Despite the Group has a 51% ownership in ADT, the Group concluded based on control considerations that they have equal voting rights with the other investor and same representation in the investee's board of directors that the Group has a joint control over the investee.

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

	2020 AED'000	2019 AED'000 *Restated**
Balance at 1 January 2019 *(as previously reported)*	**309,048**	18,055
Transfer from ZonesCorp *(note 12)*	**-**	321,614
Balance at 1 January 2019 *(Restated*)*	**309,048**	339,669
Share of profit for the year	**51,017**	42,190
Share of other comprehensive income for the year	**(30,394)**	(27,161)
Dividend received	**(45,600)**	(45,650)
Balance at 31 December	**284,071**	309,048

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

	ADT		Other Joint Ventures		ZIF	
	2020	2019	**2020**	2019	**2020**	2019 *Restated**
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Current assets	**301,053**	237,261	**512,511**	86,169	**356,563**	360,609
Non-current assets	**1,895,272**	1,115,178	**189,015**	426,951	**2,164,316**	2,177,440
Current liabilities	**(313,468)**	(218,119)	**(251,648)**	(258,291)	**(78,098)**	(75,581)
Non-current liabilities	**(2,047,079)**	(1,299,806)	**(438,145)**	(273,891)	**(1,705,225)**	(1,702,752)
(Net liabilities) / net Assets	**(164,222)**	(165,486)	**11,733**	(19,062)	**737,556**	759,716
Group share of net Assets	**-**	2,851	**205**	**-**	**368,778**	379,858
Goodwill	**17,850**	17,850	-	**-**	-	**-**
Other equity movements	**(15,535)**	-	**5,662**	**-**	**(92,889)**	**(91,511)**
Group's carrying amount in the joint ventures	**2,315**	20,701	**5,867**	-	**275,889**	288,347

* For restatement, refer to note 12.

11 Investment in a joint venture *(continued)*

The above amounts of assets and liabilities include the following:

	ADT		Other Joint Ventures		ZIF	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000 *Restated*
Cash and bank balances	**91,936**	65,415	-	24,574	91,721	101,766
Financial liabilities (excluding trade payables and provisions)	**(2,028,216)**	(472,114)	(435,420)	-	(1,763,402)	(1,755,322)

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

	ADT		Other Joint Ventures		ZIF	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000 *Restated*
Revenue	**348,978**	368,237	**224,559**	95,796	**250,619**	250,722
Direct costs	**(201,121)**	(147,722)	**(175,866)**	(98,301)	-	-
Administrative expenses	**(96,539)**	(151,562)	**(7,924)**	(12,597)	**(13,371)**	(12,667)
Finance costs	**(72,641)**	(62,377)	**(12,142)**	(2,563)	**(138,906)**	(168,041)
Other income	**3,798**	1,245	-	254	**416**	127
(Loss) / profit for the year	**(17,525)**	7,821	**28,627**	(17,411)	**98,758**	70,141
Group's share of (loss) / profit	**(2,851)**	2,757	**5,867**	(205)	**49,379**	39,638
Other adjustments	-	-	-	-	**(1,378)**	-
Other comprehensive income						
Share of other comprehensive (loss) / income for the year	**(15,535)**	94	-	-	**(14,859)**	(27,254)
Total comprehensive (loss) / income for the year	**(18,386)**	2,851	**5,867**	(205)	**33,142**	12,384

12 Restatement and transfer of ZonesCorp

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 Specialized Economic Zones in the Emirate of Abu Dhabi ("ZonesCorp") was dissolved and all its assets, rights and obligations were transferred to Abu Dhabi Ports 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 acquisition accounting, which resulted in the restatement of the balances for the year ended 31 December 2019, as presented below. During the year, 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, year ended 31 December 2020. The impact of the transfer of ZonsCorp on the Group's consolidated statement of financial position as at 1 January 2019 and 31 December 2019 and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 is as follows:

Consolidated statement of financial position as at 1 January 2019:

	Note	**1 Jan 2019 (As previously reported) AED'000**	**Reclassified balances** AED'000**	**1 Jan,2019 Transfer from ZonesCorp AED'000**	**1 Jan 2019 AED'000** *Restated*
Assets					
Property, plant & equipment	*8*	11,156,833	-	80,651	11,237,484
Trade and other receivables		-	858,239	-	858,239
Right-of-use asset		457,154	-	-	457,154
Intangible assets and goodwill		226,104	-	-	226,104
Investment properties	*10*	393,144	-	3,167,093	3,560,237
Investment in joint ventures	*11*	18,055	-	321,614	339,669
Non-current assets		12,251,290	858,239	3,569,358	16,678,887
Finance lease receivables		-	-	4,171	4171
Trade and other receivables		1,525,655	(858,239)	806,065	1,473,481
Due from related parties	*16*	-	-	5,437	5,437
Prepayments and advances		112,243	-	-	112,243
Inventories		10,416	-	-	10,416
Other finance receivables		-	-	1,260	1,260
Cash and bank balances		95,294	-	520,761	616,055
Total assets		**13,994,898**	**-**	**4,907,052**	**18,901,950**
Liabilities					
Provision for employees' end of service benefits	*19*	(57,611)	-	(14,181)	(71,792)
Due to related parties		-	-	(300,474)	(300,474)
Deferred government grant	*7*	(5,671,568)	-	(223,838)	(5,895,406)
Lease liabilities		(516,546)	-	(41,011)	(557,557)
Payable to project companies		-	-	(2,439,365)	(2,439,365)
Borrowings		(958,656)	-	-	(958,656)
Trade and other payables		(1,179,772)	-	(445,037)	(1,624,809)
Total liabilities		**(8,384,153)**	**-**	**(3,463,906)**	**(11,848,059)**
Net assets acquired as at 1 January 2019		**5,610,745**	**-**	**1,443,146**	**7,053,891**

12 Restatement and transfer of ZonesCorp *(continued)*

Consolidated statement of financial position as at 31 December 2019:

	Note	31 Dec 2019 (As previously reported) AED'000	Reclassified balances** AED'000	31 Dec 2019 Transfer from ZonesCorp AED'000	31 Dec 2019 AED'000 *Restated*
Assets					
Property, plant & equipment	*8*	12,956,896	-	62,438	13,019,334
Trade and other receivables		-	1,022,704	-	1,022,704
Right-of-use asset	*6*	444,245	-	257,296	701,541
Intangible assets and goodwill	*9*	245,424	-	-	245,424
Investment properties	*10*	422,509	-	3,352,580	3,775,089
Investment in joint ventures	*11*	20,701	-	288,347	309,048
Total non-current assets		14,089,775	1,022,704	3,960,661	19,073,140
Inventories		11,809	-	-	11,809
Trade and other receivables		1,977,171	(1,022,704)	527,284	1,481,751
Prepayments and advances	*14*	89,039	-	-	89,039
Cash and bank balances	*16*	97,215	-	991,563	1,088,778
Total current assets		2,175,234	(1,022,704)	1,518,847	2,671,377
Total assets		**16,265,009**	**-**	**5,479,508**	**21,744,517**
Liabilities					
Provision for employees' end of service benefits	*19*	(69,215)	-	(15,367)	(84,582)
Deferred government grant	*7*	(5,565,814)	-	(498,478)	(6,064,292)
Lease liabilities	*6*	(542,857)	-	(278,127)	(820,984)
Payable to project companies		-	-	(2,433,395)	(2,433,395)
Bank overdrafts	*16*	(22,120)	-	-	(22,120)
Borrowings	*20*	(1,719,986)	-	-	(1,719,986)
Trade and other payables	*22*	(2,207,763)	-	(865,313)	(3,073,076)
Total liabilities		**(10,127,755)**	**-**	**(4,090,680)**	**(14,218,435)**
Net assets acquired as at 31 December 2019		**6,137,254**	**-**	**1,388,828**	**7,526,082**

** The Group had in prior years classified all unbilled lease receivable balances within current assets in the consolidated statement of financial position on the basis that they had not been billed to customers. During 2020 the Group recognised that this classification should reflect their expected billing and due dates and, therefore, also reclassified them in the comparative consolidated statement of financial position.

Abu Dhabi Ports Company PJSC

Notes to the consolidated financial statements

12 Restatement and transfer of ZonesCorp *(continued)*

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Note	31 Dec 2019 As previously reported AED'000	Total 31 Dec 2019 Transfer from ZonesCorp AED'000	Total 31 Dec 2019 AED'000 *Restated*
Revenue	*23*	1,891,478	876,148	2,767,626
Government grants	*7*	105,754	-	105,754
Direct costs	*24*	(910,146)	(364,030)	(1,274,176)
Gross profit		1,087,086	512,118	1,599,204
Share of profit from joint ventures	*11*	2,552	39,638	42,190
General and administrative expenses	*25*	(431,989)	(201,203)	(633,192)
Impairment of trade receivables	*13*	(54,524)	(129,093)	(183,617)
Selling and marketing expenses		(34,684)	-	(34,684)
Finance income		1,065	12,300	13,365
Finance costs	*26*	(45,768)	(263,179)	(308,947)
Other income	*27*	2,677	2,356	5,033
Profit for the year		526,415	(27,063)	499,352
Other comprehensive income for the year				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Changes in fair values of cash flow hedge		94	(27,255)	(27,161)
Total comprehensive income for the year		526,509	(54,318)	472,191

12 Owner's contribution – Transfer of ZonesCorp (*continued)*

Consolidated statement of cashflows for the year ended 31 December 2019:

	31 Dec 2019 As previously reported AED'000	**Total 31 Dec 2019 Transfer from ZonesCorp AED'000**	**Total 31 Dec 2019 AED'000** *Restated*
Operating activities	**1,062,018**	**706,930**	1,768,948
	=========	=========	=========
Investing activities	**(1,804,511)**	**(220,007)**	(2,024,518)
	=========	=========	=========
Financing activities	**722,364**	**(16,121)**	706,243
	=========	=========	=========

13 Trade and other receivables

	2020 AED'000	2019 AED'000 *Restated**
Trade receivables	**1,587,783**	912,186
Unbilled lease receivables	**1,563,602**	1,198,804
Due from related parties *(note 28)*	**711,186**	692,604
Staff receivables	**66,766**	66,843
Accrued income	**244,064**	57,323
Other receivables	**96,047**	289,276
	-------------	-------------
	4,269,448	3,217,036
Less: allowance for impairment	**(796,527)**	(712,581)
	-------------	------------
	3,472,921	2,504,455
	========	=======

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

	2020 AED'000	2019 AED'000 *Restated**
Balance at 1 January *(as previously reported)*	**712,581**	286,791
Transfer from ZonesCorp	**-**	308,457
	-------------	------------
Balance at 1 January *(Restated*)*	**712,581**	595,248
	-------------	------------
Provided during the year	**92,394**	183,617
Written-off during the year	**(8,448)**	(66,284)
	-------------	------------
Balance at 31 December	**796,527**	712,581
	========	=======

* For restatement, refer to note 12.

13 Trade and other receivables *(continued)*

Trade receivables included in the consolidated statement of financial position at 31 December:

	2020	2019
	AED'000	AED'000
		*Restated**
Current	**2,140,341**	1,481,751
Non-current	**1,332,580**	1,022,704
	3,472,921	2,504,455

* For restatement, refer to note 12

13 Trade and other receivables *(continued)*

As at 31 December, the ageing of gross trade and other receivables is as follows:

	Total AED '000	Current AED '000	0 - 30 days AED '000	30 - 60 days AED '000	61 – 90 days AED '000	91 – 180 days AED '000	181- 365 days AED '000	>365 days AED '000
31 December 2020								
Trade receivables	1,587,783	336,858	88,399	77,675	79,213	120,844	159,037	725,757
Due from related parties	711,186	103,719	231,558	12,428	85,580	1,044	276,857	-
Staff receivables	66,766	66,766	-	-	-	-	-	-
Other receivables	96,047	96,047	-	-	-	-	-	-
	2,461,782	**603,390**	**319,957**	**90,103**	**164,793**	**121,888**	**435,894**	**725,757**
31 December 2019 (Restated)*								
Trade receivables	912,186	139,851	88,983	43,714	63,116	41,416	30,267	504,839
Due from related parties	692,604	346,972	107,842	7,458	2,111	35,616	192,605	-
Staff receivables	66,843	66,843	-	-	-	-	-	-
Other receivables	289,276	289,276	-	-	-	-	-	-
	1,960,909	842,942	196,825	51,172	65,227	77,032	222,872	504,839

*For restatement, refer to note 12.

14 Prepayments and advances

	2020 AED'000	2019 AED'000 *Restated**
Advance payments to contractors	**311,107**	68,765
Prepaid expenses	**25,624**	20,274
	336,731	89,039

15 Inventories

	2020 AED'000	2019 AED'000
Spare parts	**11,809**	17,717
Purchase	**11,316**	-
Less: provision for obsolete and slow moving inventories	**(6,705)**	(5,908)
	16,420	11,809

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

	2020 AED'000	2019 AED'000
Balance at 1 January	**5,908**	4,916
Provided during the year *(note 25)*	**797**	992
Balance at 31 December	**6,705**	5,908

16 Cash and bank balances

	2020 AED'000	2019 AED'000 *Restated**
Cash on hand	**7,985**	2,119
Fixed deposits and current accounts with banks	**263,426**	1,086,659
	271,411	1,088,778
Less: deposits with original maturities greater than 3 months	**(9,733)**	(9,713)
Cash and cash equivalents	**261,678**	1,079,065
Less: Bank overdrafts	-	(22,120)
Cash and cash equivalents in the consolidated statement of cash flows	**261,678**	1,056,945

Fixed deposits with banks carried an average interest rate of 0.60% per annum *(2019: 2.25% per annum)*.

*For restatement, refer to note 12.

17 Share capital

	2020	2019
	AED'000	AED'000
Authorised, issued and fully paid		
As at 1 January	**3,840,000**	3,840,000
384,000,000 *(2019: 384,000,000)* Ordinary shares of AED 10 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.

During 2011 the Department of Finance injected AED 2,000,000 thousand as additional capital contribution. During 2013 the Department of Finance injected AED 1,340,000 thousand as an additional capital contribution.

The legal formalities to convert the additional paid in capital of AED 3,340,000 thousand 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 3,840,000 thousand. Legal formalities were completed on 2 October 2018.

The Group has not purchased any shares during the year ended 31 December 2020 *(2019: AED nil)*.

18 Statutory reserve

In accordance with its Articles of Association and the UAE Federal Law No (2) of 2015, 10% of the net profit attributable to the owners of the Company to be transferred to a statutory reserve that is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the Company.

19 Provision for employees' end of service benefits

The movement in the provision for employees' end of service benefits is as follows:

	2020	2019
	AED'000	AED'000
		*Restated**
Balance at 1 January 2019 *(as previously reported)*	**84,582**	57,611
Transfer from ZonesCorp *(note 12)*	-	14,181
Balance at 1 January 2019 *(Restated*)*	**84,582**	71,792
Charged during the year	**28,497**	15,518
Acquisition of MICCO	**-**	5,575
Paid during the year	**(15,756)**	(8,303)
Balance at 31 December	**97,323**	84,582

20 Borrowings

	2020	2019
	AED'000	AED'000
Bank credit facilities *(a)*	**4,050,000**	1,691,900
Term loan *(b)*	**-**	28,086
	4,050,000	1,719,986
Non-current	**-**	1,691,900

The Group has a credit facility of AED 3,300 million from a related party Bank *(note 28)*. The facility carries interest at a variable rate of EIBOR+0.8%. As at 31 December 2020, the Group has fully utilised this facility amounted (*2019: AED 1,691 million*).

Further, the Group has also obtained an additional credit facility of AED 1,000 million which carries interest at a variable rate of EIBOR+1.15%. Company has utilised AED 750 million during the year. Both of these facilities are repayable in 2021. The Bank credit facilities is repayable as follows:

Current:	***AED'000***
01 July 2021:	**3,300,000**
06 Dec 2021:	**750,000**
	4,050,000

During the year, the term loan of 2019 amounting to AED 28 million was paid-off.

*For restatement, refer to note 12.

21 Payables to project companies

	2020 AED'000	2019 AED'000 *Restated**
Industrial City of Abu Dhabi (ICAD III)	**1,110,884**	1,123,108
Industrial City of Abu Dhabi (ICAD II)	**745,145**	738,181
Al Ain Industrial City (AAIC)	**319,066**	313,177
Industrial Effluent Treatment Plant	**253,952**	258,929
	2,429,047	2,433,395

Movement of payables to project companies is as follows:

	2020 AED'000	2019 AED'000 *Restated**
At 1 January *(as previously reported)*	**2,433,395**	-
Transfer from ZonesCorp *(note 12)*	**-**	2,439,365
At 1 January *(Restated*)*	**2,433,395**	2,439,365
Interest charge	**261,132**	250,878
Payments made during the year	**(265,480)**	(256,848)
At 31 December	**2,429,047**	2,433,395

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

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

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

Finance cost of AED 261,132 thousand *(2019: AED 250,878 thousand)* reflects the effective interest of 9.01% to 12.38% on the amounts payable to Project Companies. The project Companies have obtained borrowings from a bank to fund the construction of the above projects.

*For restatement, refer to note 12.

21 Payables to the project companies *(continued)*

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 II)	26 October 2007	25 October 2037
Al Ain Industrial City	14 February 2008	13 February 2038
Industrial City of Abu Dhabi (ICAD III)	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.

22 Trade and other payables

	2020 **AED'000**	2019 AED'000 *Restated**
Contractors and suppliers payables	**155,117**	116,643
Accrued expenses and construction related costs	**1,288,030**	1,012,823
Due to related parties *(note 28)*	**462,555**	504,835
Retentions payable	**129,052**	63,222
Customer advances	**476,687**	315,751
Customers deposits	**71,344**	63,012
Advances against projects	**733,338**	609,618
Other payables	**138,800**	387,172
	3,454,923	3,073,076

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.

23 Revenue

	2020 **AED'000**	2019 AED'000 *Restated**
Revenue from ports operations [a]	**412,233**	361,342
Industrial Zone leasing[b]	**1,299,236**	926,257
Other Industrial Zone services[c]	**247,874**	300,097
Marine services[d]	**366,600**	356,814
Logistics operations[e]	**550,303**	381,566
Port concessions and leasing[f]	**513,919**	426,545
Digital services[f]	**33,732**	15,005
	3,423,897	2,767,626

*For restatement, refer to note 12.

23 Revenue *(continued)*

a) Revenue from port operations represent revenue from general cargo, cruise and other operations within the different ports owned by the Group.

b) Industrial Zone leasing represents revenue earned from land leasing, warehousing and other built assets within KIZAD and ZonesCorp.

c) Other Industrial Zone services represents revenue earned from supply of gas to Industrial Zone customers, providing foreign labour services and other miscellaneous services.

d) Marine services represent revenue from maritime services provided at various ports services offered to external customers.

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

f) Port 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.

g) Digital services represent revenue from digital and technology support to external customers

a) Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

	Products transferred at a point in time	
	2020	2019
	AED'000	AED'000
Revenue from ports operations (a)	**412,233**	361,342
Other Industrial Zone services(c)	**60,962**	87,161
Marine services(d)	**366,600**	356,814
Logistics operations(e)	**550,303**	381,566
Digital services(g)	**33,732**	15,005
	-------------	-------------
	1,423,830	1,201,888
	========	========

b) Disaggregation of revenue from rental income:

	Products / services transferred over-time	
	2020	2019
	AED'000	AED'000
Industrial Zone leasing(b)	**1,299,236**	926,257
Other Industrial Zone services(c)	**186,912**	212,936
Port concessions and leasing(f)	**513,919**	426,545
	-------------	-------------
	2,000,067	1,565,738
	========	========

*For restatement, refer to note 12.

24 Direct costs

	2020 **AED'000**	2019 AED'000 *Restated**
Staff costs	**329,418**	304,541
Direct expenses	**759,323**	472,404
Depreciation of property, plant and equipment and Investment property *(note 8)*	**365,352**	337,545
Amortization of right-of-use assets	**33,322**	33,097
Amortisation of intangible assets	**10,691**	10,690
Repair and maintenance	**88,416**	71,481
Other terminal operation cost	**107,746**	-
Other expenses	**55,616**	44,418
	1,749,884	1,274,176

25 General and administrative expenses

	2020 **AED'000**	2019 AED'000 *Restated**
Staff costs	**364,729**	415,346
Professional fees	**31,079**	41,175
Depreciation of property, plant and equipment and Investment property *(note 8)*	**66,365**	55,677
Outsourcing and external manpower cost	**56,166**	52,265
Provision for slow moving inventories *(note 15)*	**797**	992
Other expenses	**45,231**	67,737
	564,367	633,192

The Group has made pension contributions amounting to AED 37 million *(2019: AED 35 million - Restated)* 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. The Group made social contributions amounting to AED 2 million during the year ended 31 December 2020 *(2019: AED 2 million - Restated).*

Staff costs has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **AED'000**	2019 AED'000 *Restated**
Direct costs	**329,419**	304,541
General and administrative expenses	**364,729**	415,346
	694,148	719,887

*For restatement, refer to note 12.

26 Finance cost

	2020 **AED'000**	2019 AED'000 *Restated**
Unitary interest cost ZonesCorp infrastructure fund *(note 21)*	**261,132**	250,878
Finance cost of lease accounting *(note 6)*	**39,712**	38,611
Other bank borrowing cost	**25,942**	19,458
	326,786	308,947

27 Other income

	2020 **AED'000**	2019 AED'000 *Restated**
(Loss) / gain on disposal of property, plant and equipment	**(497)**	2,664
(Loss) on disposal of inventory	**(628)**	-
Other income	**33,462**	2,369
	32,337	5,033

28 Related party transactions

Related parties represent shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Balances with related parties included in the consolidated statement of financial position are as follows:

	2020 **AED'000**	2019 AED'000 *Restated**
Trade and other receivables (note 13)		
Abu Dhabi Terminals Company LLC	**114,153**	274,178
K-Shipping Investment Ltd	**88,401**	89,139
ALM Shipping Management Ltd	**55,432**	-
Compagnie Des Chargeurs De Guinee SA	**459**	-
Compagnie Maritime De Guinee SA	**407**	-
Department of Finance – Abu Dhabi	**87,578**	15,634
Other entities controlled by the Government of Abu Dhabi	**298,083**	313,653
Silal Food and Technology LLC	**66,673**	-
	711,186	692,604
Less: allowance for impairment	**(73,744)**	(77,808)
	637,442	614,796

*for restatement, refer to note 12.

28 Related party transactions *(continued)*

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

	2020	2019
	AED'000	AED'000
		*Restated**
Accrued income		
Abu Dhabi Development Holding ("ADQ")	**101,096**	-
Abu Dhabi Terminals Company LLC	**20,365**	31,418
Other entities controlled by the Group	**7,579**	-
Trade and other payables (note 22)		
Abu Dhabi Terminals Company LLC	**205,897**	108,895
Department of Finance – Abu Dhabi	**113,046**	384,806
Other entities controlled by the Group	**143,612**	11,134
	462,555	504,835

	2020	2019
	AED'000	AED'000
		*Restated**
Advances against projects (note 22)		
Department of Finance	**1,476**	1,476
Department of Municipalities and Transport	**232,362**	133,662
Ministry of Presidential Affairs	**499,500**	474,480
	733,338	609,618
Payable from the Project Companies (note 21)		
ZonesCorp Infrastructure fund	**2,429,047**	2,433,395
Short term loan to a related party		
Abu Dhabi Developmental Holding (ADQ)	**700,000**	-
	700,000	-

	2020	2019
	AED'000	AED'000
		*Restated**
Borrowings (note 20)		
Loans from banks controlled by the Government of Abu Dhabi	**4,050,000**	1,719,986
Included within cash and bank balances		
Current accounts with banks controlled by the Government of Abu Dhabi	**28,935**	19,418

*For restatement, refer to note 12.

28 Related party transactions *(continued)*

Transactions with related parties during the year are as follows:

	2020 AED'000	2019 AED'000 *Restated**
Digital Services	**4,300**	-
Industrial Zone leasing	**259,640**	106,646
Logistics Operations	**470,923**	621,611
Marine services	**132,419**	-
Other Industrial Zone services	**18,950**	18,958
Port Concessions and leasing	**311,956**	137,858
Revenue from ports operations	**126,631**	126,520
Dividend income from ZonesCorp Infrastructure Fund	**45,600**	45,650
Finance cost on amounts payable to project companies	**261,132**	250,878
Finance income	**10**	14
Finance costs incurred on borrowings obtained from banks controlled by the Government of Abu Dhabi	**41,946**	39,108

Key management compensation

	2020	2019
Short term benefits	**36,939**	32,703
Long term benefits	**2,379**	9,024
	39,318	41,727

29 Contingency and commitments

	2020 AED'000	2019 AED'000 *Restated**
Bank guarantees	**33,000**	8,705

Estimated capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 1,371,088 thousand *(2019: AED 1,010,936 thousand)*.

*For restatement, refer to note 12.

30 Financial risk management

The Group has exposure to the following risks from financial instruments:

• *Credit risk*
• *Liquidity risk*
• *Market risk*

Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. 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 non-related counterparties. The Group has exposure to the following financial assets:

	2020	2019
	AED'000	AED'000
		*Restated**
Cash at banks *(note 16)*	**263,426**	1,086,659
Trade and other receivables	**1,022,278**	375,705
Short term loan to related party	**700,000**	-
Due from related parties	**711,186**	692,604
Other receivables	**406,877**	413,442
	------------	------------
	3,103,767	2,568,410
	=======	=======

Balances with banks are assessed to have low credit risk of default since these banks the Group deals with are of a sound financial position.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business

activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

The Group does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The Government and bank borrowings are the major source of funding for the Group and liquidity risk for the Group is assessed to be low.

*for restatement, refer to note 12.

30 Financial risk management *(continued)*

Liquidity risk *(continued)*

The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual repayment arrangements was as follows:

	Carrying Amount AED'000	Total AED'000	1 to 6 Months AED'000	6 to 12 Months AED'000	1 to 5 Years AED'000	After 5 years AED'000
31 December 2020						
Non-interest bearing financial liabilities						
Trade and other payables	3,454,923	3,454,923	155,117	3,170,754	129,052	-
	3,454,923	3,454,923	**155,117**	**3,170,754**	**129,052**	**-**
Interest bearing financial Liabilities						
Payable to the project companies	2,429,047	4,090,166	106,884	106,884	1,217,010	2,659,387
Borrowings and bank overdrafts	4,050,000	4,050,000	-	4,050,000	-	-
Lease liabilities	830,449	1,507,294	46,001	10,355	326,072	1,124,866
	7,309,496	**9,647,460**	**152,885**	**4,167,239**	**1,543,082**	**3,784,253**
	10,764,419	**13,102,383**	**308,002**	**7,337,993**	**1,672,134**	**3,784,253**

30 Financial risk management *(continued)*

Liquidity risk *(continued)*

	Carrying Amount AED'000	Total AED'000	1 to 6 Months AED'000	6 to 12 Months AED'000	1 to 5 Years AED'000	After 5 Years AED'000
31 December 2019 *(Restated*)*						
Non-interest bearing financial liabilities						
Trade and other payables	3,073,076	3,073,076	116,643	2,893,211	63,222	-
	3,073,076	3,073,076	116,643	2,893,211	63,222	-
Interest bearing financial Liabilities						
Payable to the project companies	2,433,395	4,355,646	130,566	130,566	1,194,584	2,899,930
Borrowings and bank overdrafts	1,742,106	1,742,106		50,206	1,691,900	-
Lease liabilities	820,984	1,533,743	15,756	30,474	305,199	1,182,314
	4,996,485	7,631,495	146,322	211,246	3,191,683	4,082,244
	8,069,561	10,704,571	262,965	3,104,457	3,254,905	4,082,244

The Group expects to meet its contractual funding obligations through a combination of short-term borrowings, long term facilities and financing through the capital markets and considerable government support.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2020. Equity attributable to owners of the Company comprised share capital, statutory reserve, retained earnings (excluding cash flow hedge reserve, assets distribution reserve, merger reserve and owner's contribution) is measured at AED 6,522,812 thousand as at 31 December 2020 *(2019: AED 6,128,380 thousand)*.

*for restatement, refer to note 12.

30 Financial risk management (continued)

Liquidity risk *(continued)*

Capital management *(continued)*

	2020 **AED'000**	2019 AED'000 *Restated**
Total debt	**6,479,047**	4,175,501
Less: cash and bank balances	**(271,411)**	(1,088,778)
Net debt	**6,207,636**	*3,086,723*
Total equity attributable to the owners of the Company (excluding cash flow hedge reserve, assets distribution reserve, merger reserve and owner's contribution)	**6,522,812**	6,128,380
Net debt to adjusted equity ratio	**0.95**	0.50

Interest rate risk

The Group is exposed to interest rate risk on its bank borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit for one year (through the impact on floating rate bank borrowings). There is no effect on the Group's equity.

	Effect on profit AED'000
31 December 2020	
+100 increase in basis point	(12,476)
-100 decrease in basis point	12,476
31 December 2019 *(*Restated)*	
+100 increase in basis point	(19,890)
-100 decrease in basis point	19,890

*For restatement, refer to note 12.

30 Financial risk management *(continued)*

Foreign currency risk

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.

Fair value of financial instruments

The Group financial assets comprise cash and bank balances, trade receivables, amounts due from related parties and certain other current assets. The Group financial liabilities comprise borrowings, trade payables and certain other current liabilities. Management considers that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair value.

31 Guarantees

The Group's policy is to provide financial guarantees for subsidiaries' and joint ventures' liabilities. Group has following guarantees in effect as at the closing date;

The Group has issued guarantee in 2019 to Abu Dhabi Commercial Bank PJSc in respect of credit facility granted to its joint ventures ADT and , equal to 50% of the principal amount of the facility then outstanding, such aggregate amount shall not exceed AED 367,500 thousand, which is the maximum amount the Group is exposed to.

The Group has issued guarantee in 2019 to Societe Generale 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 38,447 thousand, which is the maximum amount the Group is exposed to.

32 Impact of Covid-19

The spread of the Covid-19 virus since early 2020 had a significant impact on humanity and businesses around the world during the course of 2020 with, amongst other things, restrictions to the movement of people and goods, with the extent varying from country to country. The pandemic and these restrictions have continued till the date of approval of these consolidated financial statements. The Group has responded to the impact of these restrictions on its business by continuously updating its strategic response, from a commercial and humanitarian perspective, so as to be able to continue to conduct its business and where needed, help the UAE government to address the impact of the pandemic on people and businesses. This has enabled the Group to limit the impact of these restrictions on its business during 2020 and to date. The Group continues to maintain a close watch on the impact of the pandemic on its business and is confident that its response will continue to limit that impact, however, there continues to some uncertainty around this till the pandemic is under control around the world.

Refer note 3.2 for Amendment to IFRS 16 regarding COVID -19 related concession and note 7 for the impact of COVID -19 on deferred government grant.

Credit risk

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of counterparties.

In the context of COVID-19 crisis, the Loss given Default, Probability of Default and Exposure at Default estimates have been updated as of 31 December 2020. This assessment has considered several aspects including the cash situation and credit rating of the counterparties.

Liquidity risk management

The Group continues to monitor and respond to all liquidity requirements that are presented, refer also to note 2.1 (a). The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress.