



**Global Liman İşletmeleri Anonim Şirketi
and its Subsidiaries**

**Consolidated Financial Statements
As at and for the Year
Ended 31 December 2014 With
Independent Auditors' Report**

6 March 2015

**This report includes 1 page of independent auditors' report
and 92 pages of consolidated financial statements together
with their explanatory notes.**

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries

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**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00

Fax +90 (216) 681 90 90

Internet www.kpmg.com.tr

Independent Auditors' Report

To the Board of Directors of Global Liman İşletmeleri Anonim Şirketi

We have audited the accompanying consolidated financial statements of Global Liman İşletmeleri Anonim Şirketi ("Global Liman") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

Serkan Ercin

Partner

6 March 2015

Istanbul, Turkey

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2014
Currency: Turkish Lira ("TL")

	<i>Notes</i>	31 December 2014	31 December 2013 Restated*
Assets			
Property and equipment, net	13	221,996,571	197,210,446
Intangible assets	14	1,048,418,490	612,751,046
Goodwill	15	29,822,038	27,448,004
Equity-accounted investees	16	2,815,305	55,469,860
Other investments	17	101,232	101,232
Deferred tax assets	18	11,617,246	11,838,676
Due from related parties	30	5,029,659	5,029,659
Other non-current assets	20	23,524,930	16,373,794
Total non-current assets		1,343,325,471	926,222,717
Trade and other receivables	19	20,249,829	12,423,674
Due from related parties	30	109,666,354	20,701,331
Other investments	17	34,953,397	33,045,271
Other current assets	20	27,864,153	13,223,689
Cash and cash equivalents	21	104,570,431	42,676,034
Total current assets		297,304,164	122,069,999
Total assets		1,640,629,635	1,048,292,716
Equity			
Share capital	22	66,269,683	66,269,683
Distribution to shareholders	6	(158,494,494)	(158,494,494)
Reserves	22	158,825,964	152,090,510
Retained earnings		339,077,535	319,144,836
Total equity attributable to equity holders of the Company		405,678,688	379,010,535
Non-controlling interests		151,385,265	73,702,635
Total equity		557,063,953	452,713,170
Liabilities			
Loans and borrowings	23	711,092,049	339,603,220
Derivative liabilities	31	2,689,103	--
Deferred tax liabilities	18	227,219,093	116,699,761
Provisions	26	30,929,352	15,687,963
Employee benefits	25	3,597,886	3,641,396
Total non-current liabilities		975,527,483	475,632,340
Loans and borrowings	23	70,053,801	66,941,303
Trade and other payables	24	30,757,512	27,415,100
Due to related parties	30	1,118,840	19,618,359
Current tax liabilities	18	4,697,304	5,016,668
Provisions	26	1,410,742	955,776
Total current liabilities		108,038,199	119,947,206
Total liabilities		1,083,565,682	595,579,546
Total equity and liabilities		1,640,629,635	1,048,292,716

(*) See Note 2(e).

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

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2014

Currency: TL

	<i>Notes</i>	2014	2013 Restated*
Revenue	8	198,279,837	143,526,023
Cost of sales	8	(123,079,036)	(78,614,605)
Gross profit		75,200,801	64,911,418
Other income	9	14,416,491	53,123,121
Selling and marketing expenses	10	(1,028,494)	(489,525)
Administrative expenses	11	(22,007,422)	(12,991,534)
Other expenses	9	(15,273,625)	(1,041,865)
Operating profit		51,307,751	103,511,615
Finance income	12	81,995,442	24,965,166
Finance costs	12	(118,650,080)	(40,056,412)
Net finance costs		(36,654,638)	(15,091,246)
Share of profit of equity-accounted investees, net of tax	16	42,244,652	9,771,231
Profit before income tax		56,897,765	98,191,600
Income tax expense	18	(4,297,403)	(4,948,184)
Profit for the year		52,600,362	93,243,416
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability	18	(28,260)	41,167
Related tax	18	5,652	(8,234)
		(22,608)	32,933
Items that may be reclassified to profit or loss			
Change in currency translation differences	18	41,796,902	84,119,233
Cash flow hedges - effective portion of changes in fair value	18	(2,685,205)	--
Net investment hedge, net loss	18	(44,615,348)	(15,976,509)
Related tax		9,594,370	3,195,302
		4,090,719	71,338,026
Other comprehensive income for the year, net of income tax		4,068,111	71,370,959
Total comprehensive income for the year		56,668,473	164,614,375
Profit attributable to:			
Owners of the Company		48,846,212	87,431,449
Non-controlling interests		3,754,150	5,811,967
		52,600,362	93,243,416
Total comprehensive income attributable to:			
Owners of the Company		52,763,371	154,949,845
Non-controlling interests		3,905,102	9,664,530
		56,668,473	164,614,375
Earnings per share (Full TL)	27	0.7373	1.1604

(*) See Note 2(e).

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

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2014
Currency: TL

	Note	Share capital	Distribution to shareholders	Legal reserves	Hedging reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014, as previously reported		66,253,100	(158,494,494)	18,909,630	(12,781,207)	145,962,087	310,094,985	369,960,684	73,702,635	443,663,319
Impact of finalization of acquisition accounting (*)		--	--	--	--	--	9,049,851	9,049,851	--	9,049,851
Restated balance at 1 January 2014		66,269,683	(158,494,494)	18,909,630	(12,781,207)	145,962,087	319,144,836	379,010,535	73,702,635	452,713,170
Total comprehensive income		--	--	--	--	--	48,846,212	48,846,212	3,754,150	52,600,362
Profit		--	--	--	--	--	(22,608)	3,917,159	150,952	4,068,111
Other comprehensive income	22	--	--	--	(37,706,183)	41,645,950	(22,608)	3,917,159	150,952	4,068,111
Total comprehensive income		--	--	--	(37,706,183)	41,645,950	48,823,604	52,763,371	3,905,102	56,668,473
Transactions with owners of the Company										
Contributions and distributions										
Transfer		--	--	2,795,687	--	--	(2,795,687)	--	--	--
Dividends	22	--	--	--	--	--	(27,976,278)	(27,976,278)	(3,107,757)	(31,084,035)
Total contributions and distributions		--	--	2,795,687	--	--	(30,771,965)	(27,976,278)	(3,107,757)	(31,084,035)
Changes in ownership interests										
Acquisition of subsidiary with non-controlling interests	6(iii)	--	--	--	--	--	--	--	79,640,816	79,640,816
Acquisition of non-controlling interests without a change in control	7	--	--	--	--	--	1,881,060	1,881,060	(2,755,531)	(874,471)
Total changes in ownership interests		--	--	--	--	--	1,881,060	1,881,060	76,885,285	78,766,345
Total transactions with owners of the Company		--	--	2,795,687	--	--	(28,890,905)	(26,095,218)	73,777,528	47,682,310
Balance at 31 December 2014		66,269,683	(158,494,494)	21,705,317	(50,487,390)	187,608,037	339,077,535	405,678,688	151,385,265	557,063,953

(*) See Note 2(c).

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

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2014

Currency: TL

	Note	Share capital	Distribution to shareholders	Legal reserves	Hedging reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013		85,000,000	--	16,825,353	--	65,695,417	259,191,146	426,728,499	24,609,375	451,337,874
Total comprehensive income										
Profit		--	--	--	--	--	87,431,449	87,431,449	5,811,967	93,243,416
Other comprehensive income	22	--	--	--	(12,781,207)	80,266,670	32,933	67,518,396	3,852,563	71,370,959
Total comprehensive income		--	--	--	(12,781,207)	80,266,670	87,464,382	154,949,845	9,664,530	164,614,375
Transactions with owners of the Company										
Contributions and distributions										
Transfer		--	--	2,084,277	--	--	(2,084,277)	--	--	--
Dividends (**)	22	--	--	--	--	--	(21,385,393)	(21,385,393)	(6,355,142)	(27,740,535)
Total contributions and distributions		--	--	2,084,277	--	--	(23,469,670)	(21,385,393)	(6,355,142)	(27,740,535)
Changes in ownership interests										
Purchase of shares of entities under common control	6(i)	(18,746,900)	(158,494,494)	--	--	--	--	(177,241,394)	--	(177,241,394)
Acquisition of subsidiary with non-controlling interests	6(ii)	--	--	--	--	--	--	--	47,798,063	47,798,063
Acquisition of non-controlling interests without a change in control	7	--	--	--	--	--	(4,041,022)	(4,041,022)	(2,014,191)	(6,055,413)
Total changes in ownership interests		(18,746,900)	(158,494,494)	--	--	--	(4,041,022)	(181,282,416)	45,783,872	(135,498,744)
Total transactions with owners of the Company		(18,746,900)	(158,494,494)	2,084,277	--	--	(27,510,692)	(202,667,809)	39,428,730	(163,239,279)
Restated Balance at 31 December 2013(*)		66,253,100	(158,494,494)	18,909,630	(12,781,207)	145,962,087	319,144,836	379,010,535	73,702,635	452,713,170

(*) See Note 2(e).

(**) See Note 30 for the dividends paid by means of net-off method.

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

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Consolidated Statements of Cash Flows
For the Year Ended 31 December 2014
Currency: TL

	<i>Notes</i>	2014	2013 Restated*
Cash flows from operating activities			
Profit		52,600,362	93,243,416
Adjustments for:			
Depreciation and amortization expense	<i>13,14</i>	67,209,518	44,909,385
Bargain purchase gain	<i>9</i>	(13,065,544)	(52,645,518)
Share of profit of equity-accounted investees, net of tax	<i>16</i>	(42,244,652)	(9,771,231)
Interest expense	<i>12</i>	34,163,010	15,085,373
Income tax expense	<i>18</i>	4,297,403	4,948,184
Unrealized foreign exchange differences on loans and borrowings		63,947,402	5,695,003
Operating cash flow before changes in operating assets and liabilities		166,907,499	101,464,612
Changes in:			
- employment termination indemnity		729,911	430,481
- trade and other receivables		(7,923,730)	(3,256,461)
- other current assets		(14,640,464)	(3,764,859)
- other non-current assets		(7,151,136)	(2,634,674)
- trade and other payables		6,031,515	(824,411)
- provisions		15,696,356	173,459
Cash generated (used in) / from operating activities		159,649,951	91,588,147
Employee benefits paid	<i>25</i>	(985,702)	(178,554)
Income taxes paid	<i>18</i>	(12,332,504)	(8,375,223)
Net cash (used in) / from operating activities		146,331,745	83,034,370
Investing activities			
Acquisition of property and equipment	<i>13</i>	(28,671,048)	(15,126,493)
Acquisition of intangible assets	<i>14</i>	(444,493)	(197,215)
Disposal of property and equipment		--	1,999,505
Change in financial investments		(1,908,126)	(8,353,630)
Acquisition of subsidiary	<i>6</i>	56,094,552	(23,160,129)
Acquisition of other investments	<i>16</i>	--	(41,891,792)
Advances given for tangible assets		(907,316)	(547,549)
Net cash used in investing activities		24,163,569	(87,277,303)
Financing activities			
Purchase of shares entities under common control	<i>6</i>	--	(18,746,900)
Change in due from related parties		(88,965,021)	--
Change in due to related parties		(18,499,519)	1,795,182
Dividends paid	<i>22</i>	(31,084,035)	(7,854,647)
Interest paid		(28,411,691)	(7,033,066)
Proceeds from borrowings		678,929,671	135,736,791
Repayments of borrowings		(564,981,519)	(33,359,823)
Net cash from financing activities		(53,012,114)	70,537,537
Effect of movements in exchange rates on cash held		(56,593,694)	(45,882,446)
Net increase in cash and cash equivalents		60,889,506	20,412,158
Cash and cash equivalents at 1 January	<i>21</i>	42,625,466	22,213,308
Cash and cash equivalents at 31 December	<i>21</i>	103,514,972	42,625,466

(*) See Note 2(e).

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

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the Year Ended 31 December 2014
Currency: TL

Notes to the consolidated financial statements

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Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

Currency: TL

1 Reporting entity

Global Altyapı Hizmetleri ve İşletmecilik A.Ş. was originally incorporated to invest in Global Yatırım Holding A.Ş. ("Global Yatırım Holding")'s infrastructure projects in Istanbul, Turkey in 2004. On 13 September 2007, Global Altyapı Hizmetleri ve İşletmecilik A.Ş. changed its trade name to Global Liman İşletmeleri A.Ş. ("Global Liman" or "the Company"). The main operation of the Company is to invest in the capital and management of companies that operate or will operate in the ports and port management industry.

Global Liman and its subsidiaries are together referred to as "the Group".

As at 31 December 2014 and 2013, 100% of the shares of the Company are owned by Global Yatırım Holding. Global Yatırım Holding was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in Istanbul, Turkey. In 2004, Global Menkul Değerler A.Ş. changed its trade name to Global Yatırım Holding A.Ş. and changed its field of activity into that of a holding company. The main activity of Global Yatırım Holding is to participate in the capital and management of companies that operate or will operate in the fields of finance, energy, infrastructure and transportation and to minimize the volatility of its investments against economic fluctuations by handling the capital expenditure, financing, organization and administration of those companies within a portfolio, while contributing to the achievement of sustainable growth and ensuring the going concern of those companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding is registered with the Capital Market Board ("CMB") and its shares have been traded on the Istanbul Stock Exchange (Borsa Istanbul - "BIST") since May 1995 (From May 1995 to October 2004, traded as Global Menkul Değerler A.Ş.).

As at 31 December 2014, the number of employees of the Group was 679 (31 December 2013: 750). The address of the registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / Istanbul".

The nature of the operations and the locations of the subsidiaries of the Company are listed below:

<u>Subsidiaries</u>	<u>Locations</u>	<u>Operations</u>
Ege Liman İşletmeleri A.Ş. ("Ege Liman")	Aydın-Turkey	Port operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman")	Antalya-Turkey	Port operations
Bodrum Liman İşletmeleri A.Ş. ("Bodrum Liman")	Muğla-Turkey	Port operations
Container Terminal and General Cargo – Bar ("Port of Bar")	Montenegro	Port operations
Barcelona Port Investments, S.L ("BPI")	Spain	Port investments
Creuers del Port de Barcelona, S.A. ("Creuers")	Spain	Port operations
Cruceros Malaga, S.A. ("Malaga Port")	Spain	Port operations
İzmir Liman İşletmeciliği A.Ş. ("İzmir Liman") (*)	İstanbul-Turkey	Port operations
Torba İnşaat ve Turistik A.Ş. ("Torba") (**)	İstanbul-Turkey	Real estate
Global Depolama A.Ş. ("Global Depolama")	İstanbul-Turkey	Storage
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa") (**)	Antalya-Turkey	Marine vehicle trade

(*) See to note 3 (a) (i).

(**) See to note 3 (a) (iii).

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

Currency: TL

1 Reporting entity (continued)

Ege Liman

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organization Inc. (Türkiye Denizcilik İşletmeleri A.Ş.) ("TDİ") until its privatization in 2003. On 2 July 2003, Ege Liman entered into a transfer of operational rights agreement ("TOORA") for Kuşadası Cruise Port for a period of 30 years with the Privatization Administration (Özelleştirme İdaresi Başkanlığı) ("OİB") and TDİ. The TOORA will end in 2033. Kuşadası Cruise Port is the largest cruise ship terminal in Turkey and is a popular port of call for cruises originating from Greece, Italy, France, Spain and Turkey.

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005. The other shareholder of Ege Liman is Royal Caribbean Cruises Ltd ("RCCL").

Ege Liman offers the following basic services to ships calling at the port: tugging, pilotage, sheltering, security, clean water supply, disposal of solid waste, underwater diving inspection, fuel supply and liquid waste collection.

Ortadoğu Liman

Antalya Port, constructed in 1977, is a multi-functional facility harbouring a cruise port, a marina and a commercial port and was operated by the TDİ until its privatization in 1998. Operational rights for Antalya Port were taken over for a period of 30 years by Ortadoğu Liman in August 1998. In 2001, due to the difficulties in the other commercial activities of the former shareholders of Ortadoğu Liman, Savings Deposit Insurance Fund ("SDİF") confiscated the company.

Akdeniz Liman İşletmeleri A.Ş. ("Akdeniz Liman"), a joint venture of Global Liman, acquired 99.99% of the shares of Ortadoğu Liman which were subsequently tendered by the SDİF. Akdeniz Liman merged with Ortadoğu Liman in December 2006 and all the rights and obligations of Akdeniz Liman were transferred to Ortadoğu Liman which was denoted the successor entity. The concession period will end in 2028.

Until 29 July 2010, Global Liman owned 39.80% shares of Ortadoğu Liman. On 29 July 2010, Global Liman acquired the 60% of the shares of Ortadoğu Liman from other shareholders and obtained control by raising the ownership to 99.80%.

Bodrum Liman

Bodrum Cruise Port was tendered by the State Railways, Ports and Airports Construction Company (Demiryolları, Limanlar ve Havayolları) ("DLH") in September 2003 through a 12-year Build-Operate-Transfer ("BOT") tender agreement, which commenced in December 2007. The BOT agreement period will end in 2019. The winning bidder of the BOT concession was a consortium, which later established Bodrum Liman to carry out the operations of Bodrum Cruise Port.

Global Liman acquired 60% of the shares of Bodrum Liman on 16 June 2008. As at 31 December 2014 and 2013, shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ("Setur"), respectively.

Global Liman İşletmeleri Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

Currency: TL

1 Reporting entity (continued)

Port of Bar

On 23 July 2013, Global Liman won the tender for the repair, financing, operation, maintenance and transfer of Port of Bar and the right to acquire 62.09% of the shares in Port of Bar from the Montenegro Government through Container Terminal and General Cargo JSC-Bar, which has an operating concession for thirty years (terminating in 2043). Global Liman finalized a share purchase agreement with the Montenegro Government on 15 November 2013 and it was approved by the tender commission, the Montenegro Privatization and Capital Investments Authority and the Montenegro Council of Ministers. The shares were transferred to the Group on 30 December 2013.

Port of Bar represents an important link in the chain of intermodal transport because of its integration with the Belgrade-Bar railway and road traffic network, and benefits from a free zone regime.

For the first three years of its ownership, the Group is obliged to implement certain investment programs and social programs outlined in the share purchase agreement.

BPI and Creuers

The Group acquired 43% and 57% interests in Creuers on 30 December 2013 and 30 September 2014, respectively through Barcelona Port Investments, S.L ("BPI") which is a special purpose joint venture between the Global Liman and Royal Caribbean Cruises Ltd. Creuers is the cruise port in Europe with having the 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore Port. BPI was recognized in equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013.

However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014.

İzmir Liman

İzmir Liman was incorporated in 2008 by the shareholders of the consortium which made the highest bid for the İzmir Port tender. In 2011, Global Liman acquired 54% of the shares of İzmir Liman from the other shareholders and obtained control of İzmir Liman increasing its equity interest from 25% to 79%. As of 27 November 2013, Global Liman obtained remaining 21% of the shares of İzmir Liman from other shareholders. Further details are given in Note 7.

Torba

Torba was incorporated in Istanbul, Turkey, in 2006, for the purpose of developing a real estate project in Bodrum, Muğla. On 4 January 2008, a trustee was appointed to Torba due to the legal dispute with the previous shareholders. Torba is not consolidated with effect from 4 January 2008 in the consolidated financial statements, due to lack of control.

Global Depolama

Global Depolama was established on 9 July 2008 for the purpose of investing in the storage sector.

Randa

Randa was acquired by Global Liman on 17 February 2011 for the purpose of marine vehicle trade for a consideration of Euro 10,000. As at 31 December 2014 and 2013, Randa is inactive and is excluded from the scope of consolidation.

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1 Reporting entity (continued)

The nature of the operations and the locations of the equity-accounted investees of the Company are listed below:

<u>Equity-accounted investees</u>	<u>Locations</u>	<u>Operations</u>
LCT - Lisbon Cruise Terminals, LDA ("Port of Lisbon") (*)	Portugal	Port operations
SATS - Creuers Cruise Services Pte. Ltd. ("Singapore Port") (**)	Singapore	Port operations

(*) The Group has entered into the concession agreement of Lisbon Cruise Port within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprised of Global Liman, RCCL, Creuers and Group Sousa - Investimentos SGPS, LDA.

The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium, on 26 August 2014. The Group has a 46.2% effective interest in Port of Lisbon as at 31 December 2014. Port of Lisbon has been recognized in equity-accounted investee in the consolidated financial statements as at and for the year ended 31 December 2014.

	<u>Effective ownership (%)</u>		<u>Voting power held (%)</u>	
	2014	2013	2014	2013
Creuers	62.00	43.00	62.00	43.00
BPI	62.00	49.00	62.00	49.00

(**) The Group acquired 43% and 57% interests in Creuers on 30 December 2013 and 30 September 2014, respectively through Barcelona Port Investments, S.L ("BPI") which is a special purpose joint venture between the Global Liman and Royal Caribbean Cruises Ltd. Creuers is the cruise port in Europe and has a 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore Port. BPI was recognized in equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013.

However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014. The Group holds a non-controlling interest in Singapore Port, it has been recognized as an equity-accounted investee as at and for the year ended 31 December 2014.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements were authorized for issue by the Board of Directors on 6 March 2015. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation and Turkish Uniform Chart of Accounts. The subsidiaries operating in Montenegro and Spain maintain their books of account and prepare their statutory financial statements in Euro in accordance with their respective local laws. The accompanying consolidated financial statements are based on these statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs.

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2 Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<u>Items</u>	<u>Measurement bases</u>
Available-for-sale financial assets	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value

(c) Functional and presentation currency

The accompanying consolidated financial statements are presented in TL which is Global Liman's functional currency. All financial information presented in TL has been rounded to the nearest digit.

The US Dollar ("USD") is the most significant to the operations of the subsidiaries, Ege Liman, Ortadoğu Liman and Bodrum Liman. Therefore, the USD has been determined as the functional currency of Ege Liman, Ortadoğu Liman and Bodrum Liman in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Euro is significantly used in the operations of the Port of Bar, BPI and Creuers. Therefore, Euro has been determined as the functional currency of these companies in line with IAS 21 – "The Effects of Changes in Foreign Exchange Rates".

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

<u>Note</u>	<u>Definition</u>
Note 3 (d)	Property and equipment
Note 3 (e)	Intangible assets
Note 4	Determination of fair values
Note 6 and 7	Business combinations
Note 15	Allowances for recoverable amounts of cash generating units-goodwill

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2 Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Information about critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

<u>Note</u>	<u>Definition</u>
Note 25	Measurement of reserve for employee benefits: key actuarial assumptions
Note 18	Recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used
Note 26 and 28	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Note 6	Acquisition of subsidiary: fair value measurements
Note 15	Impairment test: key assumptions underlying recoverable amounts

(e) Finalization of acquisition accounting

(i) Port of Bar

As explained in Note 6 (ii) (c), the acquisition accounting of Port of Bar which was temporarily recognized as at and for the year ended 31 December 2013 according to IFRS 3 "Business Combinations" was only completed by 31 December 2014. As a result of this transaction, provisions for employee termination indemnity and intangible assets increased by TL 15,687,903. This accounting change has been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements for comparative figures as at 31 December 2013.

(ii) BPI and Creuers

As explained in Note 6 (iii) (c), The Group had provisionally recognized the acquisition of BPI in equity-accounted investee as at 31 December 2013. However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014. The acquisition accounting of BPI has been completed after that the Group has obtained the controlling interest of BPI on 30 September 2014. As a result of this transaction:

- The equity-accounted investees increased by TL 9,049,851 from TL 46,420,009 to TL 55,469,860.
- Share profit of equity-accounted investees increased by TL 9,049,851 from TL 721,380 to TL 9,771,231.
- Other identifiable assets and liabilities and goodwill/gain on bargain purchase calculations have not been changed.

The adjustments to the provisional amounts have been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements as at 31 December 2013.

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3 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 except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

(a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Global Liman, its subsidiaries and joint arrangements on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

(i) Subsidiaries

As at 31 December 2014, the consolidated financial statements include the financial results of Global Liman and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is normally evidenced when the Company controls an investee if and only if the Company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries acquired are included in the consolidated statements of income from the effective date of acquisition as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

As at 31 December 2014 and 2013, the subsidiaries in which the Group owned a majority shareholding and/or effectively controlled their operations are as shown below:

	<u>Effective ownership (%)</u>		<u>Voting power held (%)</u>	
	2014	2013	2014	2013
Ege Liman	72.50	72.50	72.50	72.50
Ortadoğu Liman	100.00	100.00	100.00	100.00
Bodrum Liman	60.00	60.00	60.00	60.00
Port of Bar	64.50	62.09	64.50	62.09
Malaga Port (*)	49.60	34.40	49.60	34.40
Creuers (*)	62.00	43.00	62.00	43.00
BPI (*)	62.00	49.00	62.00	49.00
Global Depolama	99.99	99.99	100.00	100.00
İzmir Liman	--	100.00	--	100.00

(*) These Companies have been recognised under equity-accounted investees as at 31 December 2013.

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3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and equity accounted investees. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Equity accounted investees are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2014 and 2013 for the joint ventures which is under the direct or indirect joint control of the Group and the associate on which the Group has significant influence and included in the scope of consolidation:

	<u>Effective ownership rates</u>		<u>Voting power held</u>	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>
Port of Lisbon	46.2	--	46.2	--
Singapore Port	24.8	--	24.8	--
BPI (*)	--	49.00	--	50.00
Creuers (*)	--	21.50	--	21.50

(*) These are the subsidiaries of the Group as at 31 December 2014.

(iii) Available for sale financial assets

As at 31 December 2014 and 2013, Torba, in which the Group owns 79% of the shares but does not have control, and Randa in which the Group owns 99.99% of shares but is inactive, were not consolidated and are classified and measured as an available for sale financial assets in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. Available for sale financial assets is measured at cost due to the fact that there is no determinable fair value in an active market.

(iv) Non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

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3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Subsidiaries except Torba and Randa are consolidated by using the full consolidation method. Therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position and profit or loss and other comprehensive income. Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) Business combinations

Acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus (up to 31 December 2009) any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill. Goodwill arising from business combinations is not amortized, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired. If the initial accounting for an acquisition was based on provisional values, and those provisional values are adjusted within 12 months of the acquisition date, then comparative information is restated in accordance with IFRS 3 *Business Combinations*.

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the difference is recognized as income (gain on a bargain purchase).

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss in profit or loss.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of an entity under common control is accounted for using book values, and in its consolidated financial statements the acquirer is permitted, but not required, to restate its comparatives as if the combination had been in existence throughout the reporting periods presented. The Group has, however, elected to account for the acquisition of an entity under common control from the acquisition date.

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3 Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities by using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

The Group entities use USD, Euro or TL as their functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21 *The Effect of Changes in Foreign Exchange Rates*. The Group uses TL as the reporting currency.

Assets and liabilities of those Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items, except for net income, are presented at their historical costs. These foreign currency differences are recognized in "other comprehensive income", within equity, under "Translation Reserves". As at 31 December 2014 and 2013, foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2014	2013
USD/TL	2.3189	2,1343
Euro/TL	2.8207	2,9365

For the year ended 31 December 2014 and 2013, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2014	2013
USD/TL	2.1865	1,9013
Euro/TL	2.9042	2,5248

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation differences is allocated to non-controlling interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

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3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognized in OCI and accumulated in the translation reserve.

(c) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities- recognition and derecognition

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such upon initial recognition or is classified as held for trading. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise bank deposits and trade and other receivables. Bank deposits with original maturities of three months or less are classified as cash and cash equivalents.

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Available for sale financial assets

Available for sale financial assets are measured at fair value subsequent to initial recognition. Unrealized gains or losses from the changes in fair value of the available for sale financial assets are accounted for in the statement of profit or loss and other comprehensive income and "fair value reserve" under equity. If the market for an available for sale financial asset is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses. Fair value reserves accounted for under equity are recycled to the profit or loss when available for sale financial assets are derecognized.

(iii) Non-derivative financial liabilities – recognition, derecognition and measurement

Financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(v) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

The fair value of interest rate swap contracts is determined by reference to market value for similar instruments.

For the purpose of hedge accounting, hedges are classified as; cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derivative financial instruments (continued)

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. It is expected that hedge transaction is to be effective in stabilizing changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, hedge transaction is evaluated continuously for identification of effectiveness and it is expected to be consistent with documented risk management strategy. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity.

The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derivative financial instruments (continued)

Net investment hedge accounting

A net investment hedge is a hedge of the foreign currency exposure arising from a net investment in a foreign operation using derivative or non-derivative financial items as the hedging instrument. If a monetary item is a part of net investments made to subsidiaries of the Company whose functional currency is other than TL, foreign exchange differences arise in financial statements of the Company. Those foreign exchange differences are recognised in other comprehensive income in consolidated financial statements when the differences are considered as hedging instruments.

Transactions for the purpose of avoiding net investment risk made to subsidiaries whose functional currency is other than TL are recognised as transactions for the purpose of cash flow accounting hedge including financial accounting hedge transactions of monetary items which are recognised as a part of net investment.

- The effective portion of gain or loss arising from financial hedging instrument is recognised in other comprehensive income or expense and
- Non effective portion of gain or loss arising from financial hedging instrument is recognised in profit or loss.

Gain or loss on financial hedging instrument related to effective portion of financial hedging transaction and recognised in other comprehensive income or expense is excluded from equity and classified to profit or loss as reclassification adjustment when there is a disposal of related subsidiary or disposal period.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment related to operations whose functional currency is TL and were acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 less accumulated depreciation and accumulated impairment losses, and items of property and equipment acquired after 31 December 2005 are measured at cost less accumulated depreciation and accumulated impairment losses.

Property and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized up to the point when the asset is substantially complete.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

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3 Significant accounting policies (continued)

(d) Property and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Leasehold improvements are amortized over the periods of the respective leases, also on a straight-line basis.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Leasehold improvements	4-30
Furniture and fixtures	4-20
Machinery and equipment	4-30
Motor vehicles	4-18

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) De-recognition

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within profit or loss.

(e) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, contract-based customer relationships and software.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2006 are restated for the effects of inflation in TL units current at 31 December 2005, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2006 are stated at cost less accumulated amortization and permanent impairment losses.

Intangible assets related to operations whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated amortization and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

(ii) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

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3 Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Intangible assets recognized in a business combination

In a business combination or acquisition, the Group recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 *Intangible Assets* and its fair value can be measured reliably. The Group's intangible assets recognized in a business combination comprise the port operation rights and the customer relationships.

(iv) Service concession arrangements

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

(v) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost less its residual value.

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Years</u>
Port operation rights	12-35
Customer relationships	12
Software	5

(f) Goodwill

According to IFRS 3, the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase).

The goodwill acquired in a business combination is not amortized. Alternatively, once a year or the conditions indicate the impairment losses, the Group tests impairment losses more frequently than the usual conditions.

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3 Significant accounting policies (continued)

(g) Leased assets

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor,
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise,
- indications that a debtor or issuer will enter bankruptcy,
- adverse changes in the payment status of borrowers or issuers.

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3 Significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between asset's carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between acquisition cost (net of any principle repayment and amortization) and the current fair value reserve, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

Equity-accounted investees

An impairment loss in respect of equity-accounted investees is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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3 Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Employee benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. Retirement pay liability is calculated by using lower of an employee's monthly salary and the retirement pay ceiling, which at 31 December 2014 was TL 3.438 (31 December 2013: TL 3.254), for each year of the employee's service. The Group recognizes the retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 25.

(j) Provisions, contingent assets and liabilities

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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3 Significant accounting policies (continued)

(k) Revenue

Revenue is recognized on an accruals basis when services are rendered, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

(i) Port administration services

Port administration revenues comprise of services provided to ships and motorboats (pilotage, tugboat rents, passenger landing fees, etc.), and cargo handling fees (general cargo, dumping, container) recognized on an accrual basis.

(ii) Rental income

Rent income comprises rental income from marina, shopping centers and duty-free stores. Rental income is recognized in profit or loss on a straight line basis over the term of the lease.

(iii) Other service revenue and other sales

Other service revenues and other sales are presented on profit or loss on an accrual basis.

(l) Finance income and finance costs

Finance income comprises interest income, gains on sale of marketable securities and net foreign currency gains that are recognized in the profit or loss. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses and losses on sale of marketable securities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

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3 Significant accounting policies (continued)

(m) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date. Deferred tax is measured at the tax notes that are expected to be applied to temporary differences when they reverse, using tax notes enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if certain criteria are met.

(n) Earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired.

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3 Significant accounting policies (continued)

(o) Related parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party;

(b) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);

(c) has an interest in the Company that gives it significant influence over the Company; or

(d) has joint control over the Company;

(e) the party is an associate of the Company;

(f) the party is a joint venture in which the Company is a venturer;

(g) the party is member of the key management personnel of the Company and its parent;

(h) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

(p) Government subsidies and incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify and receive such subsidies and incentives. Government incentives utilized by the Group comprises investment allowances (Note 18).

(q) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

For the years ended 31 December 2014 and 2013, the reportable segments of the Group are Kuşadası Port, Antalya Port and Bodrum Port, Port of Bar, BPI which are operated by Ege Liman, Ortadoğu Liman and Bodrum Liman, Port of Bar, and BPI, respectively. The detailed information is disclosed in Note 5.

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3 Significant accounting policies (continued)

(s) Standards effective from 2014 and standards and interpretations issued but not yet effective

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under IFRS.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Amendments to IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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3 Significant accounting policies (continued)

(s) Standards effective from 2014 and standards and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under IFRS 3 *Business Combinations*. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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3 Significant accounting policies (continued)

(s) Standards effective from 2014 and standards and interpretations issued but not yet effective (continued)

Disclosure Initiative (Amendments to IAS 1)

The narrow-focus amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The Interpretation had no significant impact on the financial position or performance of the Group.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments had no significant impact on the financial position or performance of the Group.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014. Early application is permitted. The amendments had no significant impact on the financial position or performance of the Group.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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3 Significant accounting policies (continued)

(s) Standards effective from 2014 and standards and interpretations issued but not yet effective (continued)

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendments had no significant impact on the financial position or performance of the Group.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendments had no significant impact on the financial position or performance of the Group.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments had no significant impact on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement Decision Requirements

As clarified in the Basis for Conclusions, short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendments had no significant impact on the financial position or performance of the Group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the carrying amount equals to the market value. The amendments had no significant impact on the financial position or performance of the Group.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendments had no significant impact on the financial position or performance of the Group.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards

The amendment clarifies that in its first IFRS financial statements, a first-time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early application.

The amendment clarifies that in its first IFRS financial statements, a first-time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early application.

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3 Significant accounting policies (continued)

(s) Standards effective from 2014 and standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs – 2011–2013 Cycle (continued)

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to the contracts within the context of TAS 39, not just financial assets and financial liabilities. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Group.

Annual Improvements to IFRSs – 2012–2014 Cycle

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of IFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)*.

IAS 19 Employee Benefits

IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

The Group does not plan to adopt these standards early and does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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4 Determination of fair values

A number of the Group's accounting policies and disclosures requires the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market and observable 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 (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in 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.

Further information about the assumptions made in measuring fair values is included in the following note:

Note 31 - Financial risk management

5 Segment reporting

(i) Basis for segmentation

Operating segments considered in performance evaluation by the Group management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are Kuşadası Port, Antalya Port and Bodrum Port, Port of Bar and Creuers which are operated by Ege Liman, Ortadoğu Liman and Bodrum Liman, Port of Bar, and BPI, respectively. Other operations of the Group, which include Global Liman, İzmir Liman and Global Depolama, do not generate external revenues and therefore are presented to reconcile to the consolidated financial statements. The Port of Bar was acquired at the end of 2013 and did not generate revenue for the Group in 2013.

The controlling interests of Creuers have been acquired on 30 September 2014, therefore, the profit or loss effect of the last three-month period of the year 2014 has been included in the consolidated financial statements for the year ended 31 December 2014. It was recognized as equity-accounted investee in the consolidated financial statements until 30 September 2014.

Information regarding all the segments is stated below. External revenues and earnings before interest, tax, depreciation and amortization ("EBITDA") are reviewed in the assessment of the financial performance of the operating segments. The Group management assesses EBITDA as the most appropriate method for the review of the segment operations, based on comparability with other companies in the same industry. The reconciliation of EBITDA to profit before tax and elements of EBITDA are disclosed as follows.

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5 Segment reporting (continued)

(ii) Information about reportable segments

As at and for the year ended 31 December 2014, the details of reportable segments comprised the following:

	Kuşadası Port	Antalya Port	Bodrum Port	Port of Bar	BPI	Other	Total
Segment assets	123,473,528	630,625,508	27,118,337	152,261,606	485,699,922	218,635,429	1,637,814,330
Equity-accounted investees	--	--	--	--	2,029,702	785,603	2,815,305
Segment liabilities	32,792,513	125,645,408	5,438,425	25,846,151	302,994,823	590,848,362	1,083,565,682
Capital expenditures	17,739,703	8,798,666	73,908	1,712,681	607,311	183,272	29,115,541
	Kuşadası Port	Antalya Port	Bodrum Port	Port of Bar	BPI	Other	Total
External revenues	35,749,435	123,807,623	6,183,760	20,257,691	12,281,328	--	198,279,837
EBITDA	27,265,669	87,174,891	3,077,519	961,690	6,103,904	36,178,247	160,761,920
Depreciation and amortization expense	(5,168,257)	(45,828,865)	(4,081,497)	(5,145,534)	(1,617,322)	(5,368,043)	(67,209,518)
Significant non-cash income/expenses, net	--	--	--	--	--	13,065,544	13,065,544
Share of profit (loss) of equity-accounted investees	--	--	--	--	3,367,658	38,876,994	42,244,652
Interest income	4,589,672	1,064,231	8,451	239	13,104	7,301,160	12,976,857
Interest expense	(1,688,318)	(5,838,757)	(554,591)	(2,029,231)	(2,517,189)	(29,489,637)	(42,117,723)

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5 Segment reporting (continued)

(ii) Information about reportable segments (continued)

As at and for the years ended 31 December 2013, the details of reportable segments comprised the following:

	Kuşadası Port	Antalya Port	Bodrum Port	Other	Total
Segment assets	105,096,702	618,636,332	29,203,237	239,886,585	992,822,856
Equity-accounted investees	--	--	--	55,469,860	55,469,860
Segment liabilities	28,290,071	201,915,759	6,219,987	359,153,729	595,579,546
Capital expenditures	2,978,514	12,085,353	153,267	106,574	15,323,708
	Kuşadası Port	Antalya Port	Bodrum Port	Other	Total
External revenues	31,313,859	107,420,812	4,791,352	--	143,526,023
EBITDA	24,041,332	75,131,638	2,540,349	56,478,912	158,192,231
Depreciation and amortization expense	(3,405,565)	(38,112,549)	(3,189,457)	(201,814)	(44,909,385)
Significant non-cash income/expenses	--	--	--	52,645,518	52,645,518
Share of profit (loss) of equity-accounted investees	--	--	--	9,771,231	9,771,231
Interest income	2,636,292	582,711	2,578	2,829,231	6,050,812
Interest expense	(1,795,155)	(6,032,704)	(581,684)	(9,352,489)	(17,762,032)

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5 Segment reporting (continued)

(iii) Reconciliation of information on reportable segments to IFRS measures

	<i>Note</i>	2014	2013
Revenues			
Total revenue for reportable segments	8	198,279,837	143,526,023
Consolidated revenue		198,279,837	143,526,023
Consolidated EBITDA			
Consolidated EBITDA		160,761,920	158,192,231
Finance income	12	81,995,442	24,965,166
Finance costs	12	(118,650,079)	(40,056,412)
Depreciation and amortization		(67,209,518)	(44,909,385)
Consolidated profit before income tax		56,897,765	98,191,600
Interest income			
Total interest income for reportable segments		12,976,857	6,050,812
Elimination of inter-segments		(4,164,271)	(2,676,659)
Consolidated interest income	12	8,812,586	3,374,153
Interest expense			
Total interest expense for reportable segments		(42,117,723)	(17,762,032)
Elimination of inter-segments		4,164,271	2,676,659
Consolidated interest expense	12	(37,953,452)	(15,085,373)
Significant non-cash income/expenses			
Gain on bargain purchase	6	13,065,544	52,645,518
Share profit of equity-accounted investees		42,244,652	9,771,231
Depreciation and amortization	13, 14	(67,209,518)	(44,909,385)
Total		(11,899,322)	17,507,364

(iv) Geographic information

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices primarily in Turkey, Montenegro, Spain, and Singapore.

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment assets were based on the geographic location of the assets.

Revenue

	2014	2013
Turkey	165,740,818	143,526,023
All foreign countries	32,539,019	--
Montenegro	20,257,691	--
Spain	12,281,328	--
	198,279,837	143,526,023

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5 Segment reporting (continued)

(iv) Geographic information (continued)

Assets

	<u>2014</u>	<u>2013</u>
Turkey	1,202,481,307	888,647,531
All foreign countries	438,148,328	159,645,185
Spain	283,071,417	55,469,860
Montenegro	152,261,606	104,175,325
Singapore (equity-accounted investee)	982,003	--
Portugal (equity-accounted investee)	1,833,302	--
	<u>1,640,629,635</u>	<u>1,048,292,716</u>

6 Acquisition of subsidiary

(i) Purchase of shares of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of an entity under common control is accounted for using carrying amounts, and in its consolidated financial statements the acquirer is permitted, but not required, to restate its comparatives as if the combination had been in existence throughout the reporting periods presented. The Group has, however, elected to account for the acquisitions of entities under common control from the acquisition date.

On 24 December 2012, Global Yatırım Holding has signed a share purchase agreement with Savina for 22.11% shares of Global Liman at an amount of USD 95,945,000 including dividend rights of Savina. Transfer of Global Liman shares to Global Yatırım Holding has been completed on 7 February 2013 after the fulfillment of the several pre-conditions, such as permission of the Competition Board. Global Yatırım Holding paid to Savina an amount of USD 91,724,063 after deduction of dividend amount paid during the period. Global Yatırım Holding's shares at Global Liman reached 99.99% following this share transfer.

Subsequent to the acquisition, as part of a structuring process, Global Yatırım Holding sold 22.11% of Global Liman shares to Adonia Deniz ve Liman Yatırımları ve İşletmeciliği A.Ş. ("Adonia"), a newly established company with a share capital of TL 50,000 and a fully owned subsidiary of Global Yatırım Holding, at an amount of TL 177,241,394 on 24 June 2013. As part of this transaction, Global Yatırım Holding transferred bank loans amounting TL 161,867,430 (equivalent to USD 83,700,000) (see Note 23, (ii)) to Adonia and the remaining amount of TL 15,373,964 is due to Global Yatırım Holding.

On 28 June 2013, Global Liman and Adonia have merged into Global Liman and the legal personality of Adonia has ended.

In order to comply with the provisions of the Turkish Commercial Code, share capital of Global Liman has been decreased by TL 18,746,900, from TL 85,000,000 to TL 66,253,100.

As a result, the difference between the book value of Global Liman shares in Adonia's accounts and Global Liman's accounts, TL 158,494,494, have been recognized in equity under "Distribution to Shareholders" in the accompanying consolidated financial statements.

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6 Acquisition of subsidiary (continued)

(ii) Acquisition of the Port of Bar

The contract comprising acquisition of % 62,09 shares of general freight and cargo terminal of the Port of Bar located in Montenegro has been signed on 15 November 2013 after Global Liman offered the tender comprised the repair and maintenance of the port, financing, construction and operating the port for 30 years and initiated by the Ministry of Transportation and the Maritime and Port Administration of Montenegro, approvals and procedures related to sales transaction was completed on 30 December 2013 and after that day the Group obtained management and control of the Port of Bar.

Global Liman is under obligation of performing some investment and social programs stated in the agreement in the first three years following the acquisition. Global Liman has made a commitment amounting to Euro 13.5 million with respect to investment expenditures for the first three years. Service scale of the Port of Bar will be arranged with the Port Administration of Montenegro in accordance with the terms of concession agreement.

Taking control of the Port of Bar will enable the Group to acquire the operation right of a port operating overseas. The Group plans to increase port investments overseas and expands its port portfolio overseas by new port investments.

a) Consideration transferred

The acquisition cost amounting to Euro 8,071,700 (equivalent to TL 23,160,129) was totally paid to the Ministry of Transportation and Maritime Affairs on 30 December 2013.

b) Acquisition-related costs

The Group incurred acquisition-related costs of TL 2,479,284 on legal fees and due diligence costs. These costs have been recognized under gain on bargain purchase, net (see (d)).

c) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

<i>In TL</i>	<i>Note</i>	
Property and equipment	13	82,881,996
Intangible assets	14	51,104,572
Deferred tax asset		3,968,598
Other assets		10,430,251
Trade and other receivables		3,280,147
Cash and cash equivalents		426,838
Loans and borrowings		(2,656,302)
Trade and other payables		(5,436,278)
Provisions for employee termination indemnity	25, 26	(17,666,371)
Other liabilities		(250,457)
Total identifiable net assets acquired		126,082,994

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6 Acquisition of subsidiary (continued)

(ii) Acquisition of the Port of Bar (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of the assets acquired were as follows.

Identifiable assets, liabilities and contingent liabilities are recognized at fair value according to IFRS 3 “Business Combinations”. The fair value of the identifiable monetary assets of Port of Bar are assessed to be equal to the carrying value and the fair value of the property and equipment is determined by a fixed asset expert for the recognition of the values in the acquisition transaction. A separate intangible asset was recognized as a result of the acquisition as port operation right due to the fact that there is no any other identifiable asset directly attributable to the operations of Port of Bar after net assets and liabilities mentioned above are excluded.

The fair value of the Port of Bar has been determined by using the weighted average of the value based on the market approach method and income approach method prepared by an independent appraisal company.

According to income approach method, the company value has been determined by using discounted cash flow method over cash flows in specified future. The Company value was determined by discounted cash flow method, on the basis of Euro at rate 13.66% was used as discount rate and weighted average capital cost. In valuation process, current and forecast port traffic of 30 years, existing capacity and capacity which the Group is targeting to have after investing the planned amount, discounted cash flow has been calculated over 30 years projections in consideration with commitments of contract articles and planning restructuring operations. In the market approach method, the valuation methods with respect to relative valuation approach and comparable share trading transactions were used based upon Price/Sales and Firm Value standard rates of similar companies.

The acquisition accounting of the Port of Bar which was provisionally determined as at and for the year ended 31 December 2013 according to IFRS 3 “Business Combinations” has been completed as at 31 December 2014. As a result of this transaction:

- provisions for employee termination indemnity increased by TL 15,687,903.
- intangible assets increased to TL 51,104,572 from TL 35,416,609.
- other identifiable assets and liabilities and gain on bargain purchase price calculations were not changed.

The adjustments to the provisional amounts have been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements as at 31 December 2013.

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6 Acquisition of subsidiary (continued)

(ii) Acquisition of the Port of Bar (continued)

d) Gain on bargain purchase

Gain on bargain purchase arising from the acquisition has been recognized as follows.

<i>In TL</i>	<i>Note</i>	
Consideration transferred	(a)	23,160,129
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of Port of Bar		47,798,063
Fair value of identifiable net assets	(c)	(126,082,994)
Gain on bargain purchase		(55,124,802)

The realized and expected to realize growth in the operations due to the increase in the capacity usage ratio as a result of the working capital fund transfers and investments in order to improve the productivity and working capacity of the port in question that would contribute to the value of the operation resulted in gain on bargain purchase as a result of the acquisition of the Port of Bar. The acquisition of the Port of Bar's shares contributed a net profit of TL 55,124,802 which was accounted for as gain on bargain purchase under other income.

Gain on bargain purchase amounting to TL 55,124,802 has been recognized after netting off with the related acquisition costs amounting to TL 2,479,284 in other income amounting to TL 52,645,518 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013.

(iii) Acquisition of Creuers

The acquisition of the control of Creuers has been completed with 3 tranches as below:

Tranche A:

Barcelona Port Investments, S.L ("BPI") was established with partnership of RCCL on 26 July 2013 to make investment in Barcelona cruise port. BPI is a special purpose joint venture between the Group and RCCL. The Group holds a 49% interest in BPI. The Group acquired 43% interest in Creuers through BPI on 30 December 2013. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as 80% in the port operation rights for the Malaga cruise port and a 40% in the port operation rights for the Singapore cruise port. BPI was recognized in share of profit of equity-accounted investees in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013.

Tranche B:

The Group acquired additional 57% interest in Creuers on 30 September 2014 through BPI.

Tranche C:

The Group increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014.

After obtaining controlling interest in Creuers enabled the Group to take the position of becoming the cruise port operator in Europe. In addition to that, Global Liman has become the first Turkish cooperation reaching the position of operating abroad in the port sector. The Group plans to increase port investments overseas and expands its port portfolio overseas by new port investments.

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6 Acquisition of subsidiary (continued)

(iii) Acquisition of Creuers (continued)

In the three months to 31 December 2014, BPI contributed revenue of TL 12,281 thousand and loss of TL 240 thousand to the group's results, if the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been TL 56,146 thousand, and consolidated profit for the year would have been TL 9,797 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

a) Consideration transferred

The total acquisition cost amounting to TL 91,047,006 was totally paid in 2014.

b) Acquisition-related costs

The Group incurred acquisition-related costs of TL 11,212,520 on legal fees and due diligence costs. These costs have been included in "other expenses".

c) Identifiable assets acquired and liabilities assumed

The following tables summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Tranche B - Acquisition of additional 57% of Creuers' interest:

The Group acquired additional 57% interest in Creuers on 30 September 2014 through BPI.

<i>In TL as at 30 September 2014 (acquisition date)</i>	<i>Note</i>	
Property and equipment	13	6,923,446
Port operation rights	14	426,175,058
Other intangible assets	14	32,331
Investments		1,886,830
Other assets		598,453
Trade and other receivables		17,236,402
Cash and cash equivalents		67,082,511
Loans and borrowings		(21,274,898)
Trade and other payables		(17,904,150)
Non-current provisions	26	(23,113,791)
Deferred tax liabilities		(97,373,437)
Total identifiable net assets acquired		360,268,755

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6 Acquisition of subsidiary (continued)

(iii) Acquisition of Creuers (continued)

c) Identifiable assets acquired and liabilities assumed (continued)

Tranche C - Acquisition of additional 13% of BPI's interest:

The Group increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014.

<i>In TL as at 30 September 2014 (acquisition date)</i>	<i>Note</i>	
Property and equipment	13	6,923,446
Port operation rights	14	426,175,058
Other intangible assets	14	32,331
Investments		1,886,830
Other assets		6,624,816
Trade and other receivables		17,240,051
Cash and cash equivalents		67,999,892
Loans and borrowings		(195,480,713)
Trade and other payables		(12,225,425)
Non-current provisions	26	(23,113,791)
Deferred tax liabilities		(97,329,775)
Total identifiable net assets acquired		198,732,720

Measurement of fair values

The valuation techniques used for measuring the fair value of the assets acquired were as follows.

Identifiable assets, liabilities and contingent liabilities are recognized at fair value according to IFRS 3 "Business Combinations". The fair value of the identifiable monetary assets of Creuers are assessed to be equal to the carrying value and the fair value of the property and equipment is determined by a fixed asset expert. A separate intangible asset was recognized as a result of the acquisition as port operation right due to the fact that there is no any other identifiable asset directly attributable to the operations of Port of Bar after net assets and liabilities mentioned above are excluded.

The fair value of the Creuers has been determined by using the weighted average of the value based on the market approach method and income approach method prepared by an independent appraisal company.

According to income approach method, the enterprise value has been determined by using discounted cash flow method over cash flows in specified future. The Company value was determined by discounted cash flow method, on the basis of Euro at rate 8.80% was used as discount rate and weighted average capital cost. In valuation process, current and forecast port traffic of 30 years, existing capacity and capacity which the Group is targeting to have after investing the planned amount, discounted cash flow has been calculated over 30 years projections in consideration with commitments of contract articles and planning restructuring operations. In the market approach method, the valuation methods which respect to relative valuation approach and comparable share trading transactions were used based upon Price/Sales and Firm Value standard rates of similar companies.

If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

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6 Acquisition of subsidiary (continued)

(iii) Acquisition of Creuers (continued)

d) Gain on bargain purchase

Tranche B - Gain on bargain purchase arising from the acquisition of 57% of Creuers' interest has been recognized as follows:

<i>In TL as at 30 September 2014 (acquisition date)</i>	<i>Note</i>	
Consideration transferred	(a)	79,141,666
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of Creuers (51%)		186,995,768
Fair value of identifiable net assets	(c)	(360,268,755)
Fair value of identifiable net assets before the acquisition (43%)		74,507,681
Gain on bargain purchase		(19,623,640)

Gain on bargain purchase amounting to TL 19,623,640 has been recognized in share of profit of equity-accounted investees in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

Tranche C - Gain on bargain purchase arising from the acquisition of additional 13% of BPI's interest has been recognized as follows:

<i>In TL as at 30 September 2014 (acquisition date)</i>	<i>Note</i>	
Consideration transferred	(a)	11,905,340
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of BPI		79,640,816
Fair value of identifiable net assets	(c)	(198,732,720)
Fair value of net assets previously held (49%)	16	94,121,020
Gain on bargain purchase		(13,065,544)

The acquisition of the BPI's interests contributed a net profit of TL 13,065,544 which was accounted for as gain on bargain purchase under other income for the year ended 31 December 2014.

Consideration paid:	11,905,340
Cash associated with acquired assets (-)	67,999,892
Net cash inflow	(56,094,552)

<i>In TL as at 30 September 2014 (acquisition date)</i>	<i>Note</i>	
Fair value of existing interest in BPI (43%)		(74,507,681)
Carrying amount of existing interest in BPI		54,195,021
Gain on re-measurement to fair value of previously held interest		(20,312,660)

Gain on re-measurement to fair value of previously held interest amounting to TL 20,312,660 has been recognized in share of profit of equity-accounted investees in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

Global Liman has become the firm in the port sector and made a close relationships with other cruise firms. The realized and expected growth in the operations due to the locations of other ports with Creuers ensure a strong network in the Mediterranean Sea that would contribute to the value of the operations resulted in gain on bargain purchase as a result of the acquisition of Creuers.

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6 Acquisition of subsidiary (continued)

(iii) Acquisition of Creuers (continued)

d) Gain on bargain purchase (continued)

The acquisition of 13% of BPI and 57% of Creuers' interests resulted in gain on bargain purchase amounting to TL 51,890,318 has been recognized in other income in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

TL 13,065,544 of the gain on bargain purchase has been recognized in other income and the remaining TL 38,824,774 has been recognized in share of profit of equity-accounted investees for the year ended 31 December 2014.

The Group had provisionally recognized the acquisition of BPI in equity-accounted investee as at 31 December 2013 and has completed the acquisition accounting of Creuers as at 31 December 2014. As a result of this transaction the equity-accounted investee as at 31 December 2013 has been adjusted according to the fair value of BPI at the acquisition date as follows:

- The equity-accounted investees increased by TL 9,049,851 from TL 46,420,009 to TL 55,469,860.
- Share profit of equity-accounted investees increased by TL 9,049,851 from TL 721,380 to TL 9,771,231.
- Other identifiable assets and liabilities and goodwill/gain on bargain purchase calculations have not been changed.

The adjustments to the provisional amounts have been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements as at 31 December 2013.

7 Acquisition of non-controlling interests

In 2014, the Group acquired an additional %2.41 interest in Port of Bar increasing its ownership from 62.09% to 64.5% in Port of Bar. The Group recognized:

- a decrease in NCI of TL 2,755,531; and
- an increase in retained earnings of TL 1,881,060

In 2013, the Group acquired an additional 21% and %0.20 interests in İzmir Liman and Ortadoğu Liman respectively, increasing its ownership from 79% to 100% in İzmir Liman and from %99.80 to %100.00 in Ortadoğu Liman. The Group recognized:

- a decrease in NCI of TL 2,014,191; and
- a decrease in retained earnings of TL 4,041,022

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8 Revenue and cost of sales

Revenue

For the years ended 31 December, revenue comprised the following:

	<u>2014</u>	<u>2013</u>
Container revenue	85,412,514	67,138,200
Port service revenue	45,983,839	34,941,955
Cargo revenue	26,943,045	17,861,618
Landing fees	21,548,312	11,124,887
Rent revenue (*)	11,581,477	7,619,694
Setur rent revenue	3,099,801	3,059,806
Domestic water sales	1,426,038	1,044,954
Other revenue	2,284,811	734,909
Total	<u>198,279,837</u>	<u>143,526,023</u>

(*) Includes all rent revenue except Setur rent revenue.

Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	<u>2014</u>	<u>2013</u>
Depreciation and amortization expenses	65,271,549	44,016,326
Personnel expenses	28,285,134	12,742,929
Subcontractor crane and container service expenses	7,757,679	7,507,084
Fuel expenses	2,761,524	2,388,664
Commission fees to government authorities and pilotage expense	2,625,694	1,585,959
Security expenses	2,408,857	1,184,119
Repair and maintenance expense	2,269,322	1,551,156
Container shipping expenses	1,871,907	1,994,541
Insurance expenses	1,558,069	1,121,126
Electricity expenses	1,373,609	1,090,886
Tugboat Rent expenses	984,612	--
Shopping mall expenses	754,695	751,740
Dumping expenses	699,013	591,659
Fresh water expenses	623,395	234,572
Port rental expenses	307,624	845,720
Other expenses	3,526,353	1,008,124
Total	<u>123,079,036</u>	<u>78,614,605</u>

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9 Other income and expenses

Other income

For the years ended 31 December, other income comprised the following:

	<i>Note</i>	<u>2014</u>	<u>2013</u>
Gain on bargain purchase	6	13,065,544	52,645,518
Income from reversal of lawsuit provisions		244,937	163,012
Other		1,106,010	314,591
Total		<u>14,416,491</u>	<u>53,123,121</u>

Other expenses

For the years ended 31 December, other expenses comprised the following:

	<u>2014</u>	<u>2013</u>
Project expense (*)	11,212,520	406,970
Taxes other than on income	1,532,448	--
Concession fee expense	1,306,890	--
Provisions	447,373	--
Other	774,394	634,895
Total	<u>15,273,625</u>	<u>1,041,865</u>

(*) The project expenses are mainly related to the projects for new acquisitions.

10 Selling and marketing expenses

For the years ended 31 December, selling and marketing expenses comprised the following:

	<u>2014</u>	<u>2013</u>
Commission expense	525,890	130,102
Advertising and promotion expenses	389,546	331,211
Representation expense	52,748	21,420
Travelling expenses	21,573	5,267
Other	38,737	1,525
Total	<u>1,028,494</u>	<u>489,525</u>

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11 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

	<u>2014</u>	<u>2013</u>
Personnel expenses	11,074,568	7,880,968
Consultancy expenses	2,800,878	1,096,824
Depreciation and amortization expenses	1,937,969	893,060
Allowance for Doubtful receivables	1,617,685	35,216
Taxes other than on income	882,463	132,302
Travelling expenses	643,268	622,736
IT expenses	589,354	284,209
Representation expenses	401,399	401,963
Vehicle expenses	338,494	215,095
Communication expenses	294,796	232,623
Stationary expenses	177,115	131,455
Office operating expenses	153,146	176,778
Repair and maintenance expenses	135,999	63,609
Rent expenses	27,367	42,320
Other expenses	932,921	782,376
Total	<u>22,007,422</u>	<u>12,991,534</u>

12 Finance income and costs

For the years ended 31 December, finance income comprised the following:

	<u>2014</u>	<u>2013</u>
Finance income		
Foreign exchange gain	71,434,200	21,458,470
Interest income on marketable securities (*)	4,500,911	2,963,857
Interest income on banks and others	4,311,675	410,296
Interest income from Housing loans	1,311,214	--
Gain on sale of marketable securities	437,442	132,543
Total	<u>81,995,442</u>	<u>24,965,166</u>

(*) Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year.

For the years ended 31 December, finance costs comprised the following:

	<u>2014</u>	<u>2013</u>
Finance costs		
Foreign exchange losses	68,903,968	24,687,655
Interest expense on loans and borrowings	36,234,121	15,085,373
Loan commission expenses	8,461,827	41,475
Other interest expenses	1,719,331	--
Loss on Sale of Marketable Securities	817,237	49,611
Letter of guarantee commission expenses	21,374	26,822
Other	2,492,222	165,476
Total	<u>118,650,080</u>	<u>40,056,412</u>

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13 Property and equipment

Movements of property and equipment for the year ended 31 December 2014 comprised the following:

Cost	1 January 2014	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2014
Leasehold improvements	158,685,260	2,266,820	--	3,931,459	--	3,548,754	168,432,293
Machinery and equipment	69,338,875	2,801,632	(5,129)	--	4,514,430	5,701,585	82,351,393
Motor vehicles	18,953,791	16,716,928	(9,658)	--	35,582	2,502,665	38,199,308
Furniture and fixtures	6,866,657	623,482	(685)	--	2,213,083	1,349,926	11,052,463
Construction in progress	1,802,310	6,262,186	--	(3,931,459)	160,351	718,275	5,011,663
Land improvement	17,660	--	--	--	--	1,527	19,187
Total	255,664,553	28,671,048	(15,472)	--	6,923,446	13,822,732	305,066,307
Accumulated Depreciation		Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2014
Leasehold improvements	22,152,100	7,553,519	--	--	--	2,137,395	31,843,014
Machinery and equipment	26,134,238	7,266,342	(5,129)	--	--	2,648,876	36,044,327
Motor vehicles	6,899,309	2,890,058	(9,658)	--	--	618,124	10,397,833
Furniture and fixtures	3,266,705	1,191,453	(685)	--	--	325,222	4,782,695
Land improvement	1,755	--	--	--	--	112	1,867
Total	58,454,107	18,901,372	(15,472)	--	--	5,729,766	83,069,736
Net book value	197,210,446						221,996,571

(*) See note 6 (iii) (c).

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13 Property and equipment (continued)

Movements of property and equipment for the year ended 31 December 2013 comprised the following:

Cost	1 January 2013	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2013
Leasehold improvements	59,912,200	1,407,259	--	4,109,772	81,038,461	12,217,568	158,685,260
Machinery and equipment	52,575,302	4,693,291	(398,525)	268,815	1,799,405	10,400,587	69,338,875
Motor vehicles	14,757,777	1,344,981	(91,064)	--	29,060	2,913,037	18,953,791
Furniture and fixtures	3,610,574	2,294,391	(37,542)	--	15,070	984,164	6,866,657
Construction in progress	2,396,728	5,381,571	(2,278,407)	(4,378,587)	--	681,005	1,802,310
Land improvement	9,846	5,000	--	--	--	2,814	17,660
Total	133,262,427	15,126,493	(2,805,538)	--	82,881,996	27,199,175	255,664,553
Accumulated Depreciation	1 January 2013	Additions	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2013
Leasehold improvements	14,886,912	3,863,543	--	--	--	3,401,645	22,152,100
Machinery and equipment	17,889,763	4,957,141	(395,342)	--	--	3,682,676	26,134,238
Motor vehicles	4,626,888	1,248,474	(37,166)	--	--	1,061,113	6,899,309
Furniture and fixtures	2,113,333	701,091	(12,009)	--	--	464,290	3,266,705
Land improvement	305	1,240	--	--	--	210	1,755
Total	39,517,201	10,771,489	(444,517)	--	--	8,609,934	58,454,107
Net book value	93,745,226						197,210,446

(*) See note 6 (ii) (c).

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13 Property and equipment (continued)

As at 31 December 2014, the net book value of machinery and equipment purchased through leasing amounts to TL 6,991,231 (2013: TL 6,908,960) and the net book value of motor vehicles purchased through leasing amounts to TL 10,434,336 (2013: TL 3,550,568).

As at 31 December 2014 and 2013, according to the "TOORA" signed with Ege Liman and Ortadoğu Liman and the "BOT" tender agreement signed with Bodrum Liman, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 23.

For the years ended 31 December 2014 and 2013, there is no capitalized borrowing cost on property and equipment.

As at 31 December 2014, the insured amount of property and equipment amounts to TL 322,153,881 (2013: TL 129,014,502).

14 Intangible assets

Movements of intangible assets for the year ended 31 December 2014 comprised the following:

Cost	1 January 2014	Additions	Acquisition through business combinations (*)	Currency translation differences	31 December 2014
Port operation rights	765,334,673	--	426,175,058	71,436,949	1,262,946,680
Customer relationships	8,013,421	--	--	693,097	8,706,518
Software	245,083	333,997	--	16,289	595,369
Other intangibles	810,167	110,496	32,331	42,626	995,620
Total	774,403,344	444,493	426,207,389	72,188,961	1,273,244,187

Accumulated amortization	1 January 2014	Amortization expense	Acquisition through business combinations	Currency translation differences	31 December 2014
Port operation rights	157,362,260	47,443,956	--	14,482,022	219,288,238
Customer relationships	3,505,871	684,055	--	344,718	4,534,644
Software	169,822	62,882	--	13,546	246,250
Other intangibles	614,345	117,290	--	24,930	756,565
Total	161,652,298	48,308,183	--	14,865,216	224,825,697
Net book value	612,751,046				1,048,418,490

(*) See note 6 (iii) (c).

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14 Intangible assets (continued)

Movements of intangible assets for the year ended 31 December 2013 comprised the following:

Cost	1 January 2013	Additions	Acquisition through business combinations (*)	Currency translation differences	31 December 2013
Port operation rights	599,335,327	--	51,104,572	114,894,774	765,334,673
Customer relationships	6,694,378	--	--	1,319,043	8,013,421
Software	143,593	84,357	--	17,133	245,083
Other intangibles	645,317	112,858	--	51,992	810,167
Total	606,818,615	197,215	51,104,572	116,282,942	774,403,344

Accumulated amortization	1 January 2013	Amortization expense	Acquisition through business combinations	Currency translation differences	31 December 2013
Port operation rights	102,582,983	33,499,766	--	21,279,511	157,362,260
Customer relationships	2,509,849	446,163	--	549,859	3,505,871
Software	128,755	23,929	--	17,138	169,822
Other intangibles	403,073	168,039	--	43,233	614,345
Total	105,624,660	34,137,897	--	21,889,741	161,652,298
Net book value	501,193,955				612,751,046

(*) See note 6 (ii) (c).

15 Goodwill

Movements of goodwill for the years ended 31 December comprised the following:

1 January 2013	22,924,993
Currency translation differences	4,523,011
31 December 2013	27,448,004
Currency translation differences	2,374,034
Balance as at 31 December 2014	29,822,038

As at 31 December 2014 and 2013, the Group recognized goodwill related to the acquisition of Ege Liman in its consolidated financial statements.

As at 31 December 2014 and 2013, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2033. The key assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. An interest rate of 11% (2013: 12.4%) was used for discounting future cash flows to reporting date. The EBITDA growth rate was assumed at 15.3%.

Recoverable amounts of CGU's are not sensitive to the reasonable changes in key assumptions. Unreasonable and hypothetic changes in key assumptions and their effects have not been disclosed accordingly as at 31 December 2014.

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16 Equity-accounted investees

At 31 December 2014, Port of Lisbon and Singapore are equity accounted investees in which the Group participates.

The following table summarizes the financial information of Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2014. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

<i>In TL</i>	Port of Lisbon	Singapore Port
Percentage ownership interest	46.2%	24.8%
Non-current assets	1,283,603	10,094,004
Current assets	4,798,132	7,376,553
Non-current liabilities	--	(7,236,646)
Current liabilities	(4,117,730)	(5,650,656)
Net assets (100%)	1,964,005	4,583,255
Group's share of net assets	982,003	1,833,302
Carrying amount of interest in equity accounted investees	982,003	1,833,302
Revenue	2,929,868	15,497,584
Expenses	(2,799,317)	(16,777,418)
Profit / (loss) and total comprehensive income (100%)	130,551	(1,279,834)
Group's share of profit and total comprehensive income	65,276	(511,934)

For the year ended 31 December 2014, the Group's share of profit and total comprehensive income is set out below:

<i>In TL</i>	Net profit / (loss)
Port of Lisbon	65,276
Singapore Port	(511,934)
BPI's effect before acquiring the control for the nine months period ended	3,866,536
Gain on bargain purchase (Note 6 (iii) (d))	38,824,774
Group's share of profit and total comprehensive income	42,244,652

At 31 December 2013, BPI was the only equity accounted investee in which the Group participated. The following table summarizes the financial information of BPI as included in the consolidated financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in BPI.

<i>In TL</i>	2013
Percentage ownership interest	49%
Non-current assets	94,298,806
Current assets	563,732
Current liabilities	(127,826)
Net assets (100%)	94,734,712
Group's share of net assets (49%)	46,420,009
Effect of the finalization of the acquisition accounting (Note 6 (ii))	9,049,851
Carrying amount of interest in equity accounted investees	55,469,860
Revenue	2,013,914
Expenses	(541,708)
Profit and total comprehensive income (100%)	1,472,206
Group's share of profit and total comprehensive income (49%)	721,380
Effect of the finalization of the acquisition accounting (Note 6 (ii))	9,049,851
Total Group's share of profit and total comprehensive income (49%)	9,771,231

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16 Equity-accounted investees (continued)

		<u>2014</u>	<u>2013</u>
Balance at 1 January, restated	<i>Note</i>	55,469,860	--
Additions to equity-accounted investees		1,417,569	41,891,792
Equity-accounted earnings		42,244,652	9,771,231
Derecognition of equity-accounted investee upon acquisition of control (*)	6 (iii)(d)	(94,121,020)	--
Currency translation difference		(2,195,756)	3,806,837
Balance at 31 December		<u>2,815,305</u>	<u>55,469,860</u>

(*) As at 30 September 2014, the percentage of shares has reached to 62% by purchasing additional 13% of RCCL's interest in BPI. As at 1 October 2014, the Company has started to control BPI and consolidated as subsidiary as at 31 December 2014.

17 Other investments

Financial assets available for sale

As at 31 December 2014 and 2013, financial assets available for sale, comprised the following:

	<u>2014</u>	<u>2013</u>
Global Yatırım Holding bonds	31,881,979	29,054,619
Time deposits with the maturity more than 6 months	3,071,418	--
Share certificates of Global Yatırım Holding	--	3,990,652
Total	<u>34,953,397</u>	<u>33,045,271</u>

(*) The Group has purchased Global Yatırım Holding's bonds. As at 31 December 2014 and 2013, the bonds' maturity is 30 June 2017 with an annual nominal interest rate of 11% and a nominal amount of USD 14,750,000. (31 December 2013: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 15,050,000).

Global Yatırım Holding shares are actively traded in Borsa İstanbul.

As at 31 December 2014 and 2013, investments in equity instruments that are not quoted in an active market comprised the following:

	<u>Share ratio (%)</u>	<u>2014 Book Value</u>	<u>Share Ratio (%)</u>	<u>2013 Book Value</u>
Torba (*)	79.00	79,000	79.00	79,000
Randa (**)	99.99	22,232	99.99	22,232
Total		<u>101,232</u>		<u>101,232</u>

(*) Torba is excluded from consolidation due to appointment of a trustee at 4 January 2008 and loss of control. Torba is carried at cost in the consolidated financial statements, since its shares are not quoted in an active market and there is no way to determine the fair value using a valuation technique.

(**) Randa was purchased by Global Liman on 17 February 2011 for a consideration of Euro 10,000. As at 31 December 2014 and 2013, Randa is inactive and is excluded from the scope of consolidation due to immateriality.

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18 Taxation

Corporate tax

Corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate as at 31 December 2014 is 20% (2013: 20%).

The corporate tax rate in Spain for the 2014 and 2013 year is determined at 30%. There have been a reduction in the corporate income tax rate from 30% to 28% in 2015 and to 25% in 2016, according to the enacted law in Spain.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that is included in the consolidation.

Losses can be carried forward for offsetting against future taxable income for up to 5 years while it is for up to 18 years in Spain. Losses cannot be carried back. In Spain, since this year, it is possible to carry them forward indefinitely with certain limitations.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15% as at 31 December 2014 (31 December 2013: 15%).

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Corporate Tax Law under the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm’s-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% from 24 April 2003, rising to 15% from 21 September 2006. Appropriation of retained earnings to capital is not considered a profit distribution and therefore is not subject to withholding tax.

Investment allowance

With effect from 24 April 2003, the investment incentives scheme was amended such that companies directly deduct 40 percent of qualifying capital investments from their annual taxable income. In addition, corporations that had unused qualifying capital investment amounts from periods prior to 24 April 2003 were entitled to carry these forward.

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18 Taxation (continued)

Investment allowance (continued)

The tax law was then changed retrospectively on 8 April 2006 such that with effect from 1 January 2006, no new investment incentives were allowed, and taxpayers could only deduct the amount of the investment allowance exemption to which they were already entitled from the taxable income of 2006, 2007 and 2008. Investment allowances could not be carried forward at 31 December 2008.

However, on 15 October 2009, the Turkish Constitutional Court cancelled parts of the revised tax law such that new investment allowances created prior to 8 April 2006 were re-allowed and the restriction on the carry forward of allowances after 31 December 2008 was removed; the carry forward is now indefinite. This change to the tax law became substantively enacted when the Court's decision was made and became law on 8 January 2010.

The usage of investment incentives was revised again with the amendments to the related tax law published in the Official Gazette dated 1 August 2010. Accordingly, with effect from the 2010 calendar year taxable income, investment incentives that will be deducted from income shall not exceed 25% of income for a particular year, while determining the tax base. The unused investment incentives continue to be deductible without time limit.

Tax exemption on maritime operations

The Turkish International Ship Registry Law, authorized on 16 December 1999, is designed to accelerate the development of the Turkish maritime sector and increase its contribution to the Turkish economy. The law supports the procurement and operation of ships registered on the Turkish International Ship Registry, and yachts registered to the inventory of tourism companies. Income generated through the vessels covered by the law is not subject to income tax and expenses related to these operations are considered as disallowable expenses.

Tax expense

For the years ended 31 December, income tax expense comprised the following:

	<u>2014</u>	<u>2014</u>
Current tax charge	(12,013,140)	(9,889,337)
Deferred tax benefit	7,715,737	4,941,153
Total	<u>(4,297,403)</u>	<u>(4,948,184)</u>

As at 31 December 2014 and 2013, current tax liabilities for the period comprised the following:

	<u>2014</u>	<u>2013</u>
Current tax liability at 1 January	5,016,668	3,502,554
Current tax charge	12,013,140	9,889,337
Taxes paid during year	(12,332,504)	(8,375,223)
Total	<u>4,697,304</u>	<u>5,016,668</u>

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18 Taxation (continued)

The tax reconciliation for the years ended 31 December is as follows:

	%	2014	%	2013
Profit before income tax		56,897,765		98,191,600
Tax using the Company's domestic tax rate	20	(11,379,553)	20	(19,638,320)
Effect of tax rates in foreign jurisdictions and effect of permanent differences in foreign acquisitions	(18)	10,085,466	(11)	11,024,960
Tax effect of:				
Share of profit of equity-accounted investees reported net of tax	(1)	683,976	(2)	1,954,246
Tax-exempt income	(7)	3,917,834	(3)	3,097,681
Effect of unrecognized tax losses	8	(4,299,363)	0	(28,784)
Non-deductible expenses	3	(1,436,847)	3	(3,007,217)
Donations	--	--	(1)	794,199
Other	3	(1,868,916)	(1)	855,051
	8	(4,297,403)	5	(4,948,184)

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18 Taxation (continued)

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

In Turkey the tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities are not netted and are disclosed separately.

Deferred tax assets and deferred tax liabilities as at 31 December 2014 and 2013, are attributable to the items detailed in the table below:

	2014		2013		2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets/ (liabilities), net	Deferred tax assets/ (liabilities), net
Property and equipment and intangible assets	4,779,929	(223,087,347)	9,983,097	(119,672,763)	(218,307,418)	(109,689,666)
Tax losses carried forward	3,730,760	--	3,244,708	--	3,730,760	3,244,708
Provision for employment termination indemnity and vacation pay	476,759	--	410,942	--	476,759	410,942
Available for sale financial assets	--	--	305,205	--	--	305,205
Other	4,447,890	(5,949,838)	2,083,593	(1,215,867)	(1,501,948)	867,726
Subtotal	13,435,338	(229,037,185)	16,027,545	(120,888,630)	(215,601,847)	(104,861,085)
Set off of tax	(1,818,092)	1,818,092	(4,188,869)	4,188,869	--	--
Total deferred tax assets/(liabilities)	11,617,246	(227,219,093)	11,838,676	(116,699,761)	(215,601,847)	(104,861,085)

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18 Taxation (continued)

Deferred tax (continued)

The movement of deferred taxes for the years ended 31 December, is as follows:

	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	(104,861,085)	(94,861,128)
Deferred tax benefit in income	7,715,737	4,941,153
Acquired in business combination (Note 6)	(97,329,775)	3,968,598
OCI	9,600,022	3,187,068
Currency translation difference	(30,726,746)	(22,096,776)
	<u>(215,601,847)</u>	<u>(104,861,085)</u>

As at 31 December 2014 and 2013, the breakdown of the tax losses carried forward in terms of their final years of utilization is as follows:

Expiry years of the tax losses carried forward	<u>2014</u>		<u>2013</u>	
	Recognized	Unrecognized	Recognized	Unrecognized
2014	--	--	--	2,951,160
2015	1,713,723	10,938,672	1,895,260	1,324,980
2016	12,500,081	16,309,945	12,500,081	2,134,835
2017	--	7,002,966	--	1,514,462
2018	--	2,071,821	--	--
2019	3,551,991	15,719,138	--	--
	<u>17,765,795</u>	<u>52,042,542</u>	<u>14,395,341</u>	<u>7,925,437</u>

Unrecognized deferred tax assets

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such losses carried forward expire until 2019. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

Amounts recognized in OCI

	<u>2014</u>			<u>2013</u>		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>In TL</i>						
Remeasurements of defined benefit liability (asset)	(28,260)	5,652	(22,608)	41,167	(8,234)	32,933
Foreign operations - foreign currency translation differences	41,796,902	--	41,796,902	84,119,233	--	84,119,233
Net investment hedge	(44,615,348)	8,923,069	(35,692,279)	(15,976,509)	3,195,302	(12,781,207)
Cash flow hedges	(2,685,205)	671,301	(2,013,904)	--	--	--
Total	(5,531,911)	9,600,022	4,068,111	68,183,891	3,187,068	71,370,959

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19 Trade and other receivables

As at 31 December 2014 and 2013, trade and other receivables comprised the following:

	<u>2014</u>	<u>2013</u>
Trade receivables	18,733,854	11,727,970
Deposits and advances given	186,235	37,751
Receivables from VAT	--	20,153
Other receivables	1,329,740	637,800
Total trade and other receivables	<u>20,249,829</u>	<u>12,423,674</u>

As at 31 December 2014 and 2013, trade receivables comprised the following:

	<u>2014</u>	<u>2013</u>
Receivables from customers	18,733,854	11,727,970
Doubtful receivables	2,050,904	455,630
Allowance for doubtful receivables (-)	(2,050,904)	(455,630)
Total	<u>18,733,854</u>	<u>11,727,970</u>

Movements in the allowance for doubtful trade receivables for the years ended 31 December, comprised the following:

	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	(455,630)	(664,610)
Allowance for the year	(1,617,685)	(35,216)
Collections	--	69,046
Written off during the year	22,411	175,150
Balance at the end of the year	<u>(2,050,904)</u>	<u>(455,630)</u>

As at 31 December 2014 and 2013, current trade receivables mature between 0-1 months.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 31.

Bad debt expense on doubtful receivables is recognized in administrative expenses.

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20 Other assets

Other non-current assets

As at 31 December 2014 and 2013, other non-current assets comprised the following:

	<u>2014</u>	<u>2013</u>
Prepaid expenses	13,833,420	3,016,944
Housing loans given to personnel (*)	8,321,194	8,653,178
Advances given (***)	741,302	547,549
Deposits and guarantees given	629,014	35,194
Value added tax receivable (**)	--	4,081,571
Other	--	39,358
Total	<u>23,524,930</u>	<u>16,373,794</u>

(*) As a state-owned company before being acquired by the Group, the Port of Bar had granted housing loans to its personnel with a maturity of 35 years.

(**) The Group classified value added tax receivables of İzmir Liman as non-current since value added tax payables from revenues cannot be offset with the value added tax receivables in the short-term.

(***) Advances given are mainly composed of the advances given by Ortadoğu Liman for the purchase of machinery and for the investments related to the passenger terminal.

Other current assets

As at 31 December 2014 and 2013, other current assets comprised the following:

	<u>2014</u>	<u>2013</u>
Prepaid expenses	10,615,597	1,753,938
Advances given	6,478,634	4,441,786
Value added tax receivable	5,094,392	2,053,310
Prepaid taxes	3,806,958	1,638,086
Income accruals	779,092	1,339,818
Other	1,089,480	1,996,751
Total	<u>27,864,153</u>	<u>13,223,689</u>

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21 Cash and cash equivalents

As at 31 December 2014 and 2013, cash and cash equivalents comprised the following:

	<u>2014</u>	<u>2013</u>
Cash on hand	302,157	177,083
Cash at banks	104,268,274	37,998,443
- Demand deposits	44,100,926	5,348,869
- Time deposits	60,167,348	32,649,574
Reverse repo	--	4,495,547
Other liquid assets	--	4,961
Cash and cash equivalents	<u>104,570,431</u>	<u>42,676,034</u>

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	104,570,431	42,676,034
Restricted cash	(1,055,459)	(50,568)
Cash and cash equivalents for cash flow statement purposes	<u>103,514,972</u>	<u>42,625,466</u>

As at 31 December 2014 and 2013, maturities of time deposits comprised the following:

	<u>2014</u>	<u>2013</u>
Up to 1 month	57,848,448	32,615,250
1-3 months	2,318,900	34,324
Total	<u>60,167,348</u>	<u>32,649,574</u>

As at 31 December 2014 and 2013, the ranges of interest rates for time deposits are as follows:

	<u>2014</u>	<u>2013</u>
Interest rate for time deposit-TL (highest)	8.65%	8.25%
Interest rate for time deposit-TL (lowest)	8.65%	6.50%
Interest rate for time deposit-USD (highest)	0.50%	0.35%
Interest rate for time deposit-USD (lowest)	2.75%	0.35%
Interest rate for time deposit-EUR (highest)	2.70%	--
Interest rate for time deposit-EUR (lowest)	0.05%	--

As at 31 December 2014, cash at banks amounting to TL 1,055,459 (31 December 2013: TL 50,568) is restricted due to the bank loan guarantees and subscription guarantees (Note 23).

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 31.

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22 Capital and reserves

a) Share capital

As at 31 December 2014, the Company's statutory nominal value of paid-in share capital consists of 66,253,100 (2013: 66,253,100) registered ordinary shares with a par value of TL 1 each.

As at 31 December 2014 and 2013, the share ownership structure of the Company was as follows:

	31 December 2014		31 December 2013	
	Value of Share	Proportion of share %	Value of Share	Proportion of share %
Global Yatırım Holding A.Ş.	66,253,100	100	66,253,100	100
Paid in capital (nominal)	66,253,100	100	66,253,100	100
Inflation accounting adjustment	16,583		16,583	
Inflation adjusted capital	66,269,683		66,269,683	

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to TL 187,608,037 (2013: TL 145,962,087) is recognized as a separate account under equity and comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and equity accounted investees from their functional currencies (of Euro and USD) to the presentation currency, TL.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit actually distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case of running out of arbitrary reserves. As at 31 December 2014, the legal reserves of the Group amounted to TL 21,705,317 (2013: TL 18,909,630).

(iii) Hedging reserves

Investment hedge

As at 31 December 2014, the effective portion of gain or loss arising from investment hedging instrument is recognized in other comprehensive expense, net of tax amounting to TL 35,692,279 (31 December 2013: TL 12,781,207).

Cash flow hedge

The Group entered into interest rate swaps in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of these instruments are recognized directly in equity at cash flow hedge reserve.

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22 Capital and reserves (continued)

c) Dividends

Dividend distributions are made by the Company in TL in accordance with its articles, after deducting taxes and setting aside the legal reserves as discussed above. In 2014, the General Assembly decided to distribute TL 31,084,035. The dividend was paid in 2014.

d) In 2013, the General Assembly decided to distribute TL 21,385,393. In the General Assembly meetings dated 5 April 2013 and 18 December 2013, TL 1,049,534 of this amount was transferred to the legal reserves, TL 22,434,927 was distributed to its shareholders.

e) OCI accumulated in reserves, net of tax

In TL	Attributable to owners of the Company			Total	NCI	Total OCI
	Translation reserve	Hedging reserve	Retained earnings			
2014						
Net investment hedge – net loss	--	(37,706,183)	--	(37,706,183)	--	(37,706,183)
Foreign currency translation differences	41,645,950	--	--	41,645,950	150,952	41,796,902
Remeasurements of defined benefit liability	--	--	(22,608)	(22,608)	--	(22,608)
Total	41,645,950	(37,706,183)	(22,608)	3,917,159	150,952	4,068,111

In TL	Attributable to owners of the Company			Total	NCI	Total OCI
	Translation reserve	Hedging reserve	Retained earnings			
2013						
Net investment hedge – net loss	--	(12,781,207)	--	(12,781,207)	--	(12,781,207)
Foreign currency translation differences	80,266,670	--	--	80,266,670	3,852,563	84,119,233
Remeasurements of defined benefit liability	--	--	32,933	32,933	--	32,933
Total	80,266,670	(12,781,207)	32,933	67,518,396	3,852,563	71,370,959

23 Loans and borrowings

As at 31 December 2014 and 2013, loans and borrowings comprised the following:

Short term loans and borrowings	2014	2013
Short term Eurobonds issued	44,846,642	--
-USD bank borrowings with fixed interest rates	44,846,642	--
Short term bank loans	5,005,317	2,684,300
-TL Loans	1,500,000	550,000
-Foreign currency loans	3,505,317	2,134,300
Short term portion of long term bank loans	16,529,397	63,169,421
-TL Loans	37,069	48,479
-Foreign currency loans	16,492,328	63,120,942
Finance lease obligations	3,672,445	1,087,582
Total	70,053,801	66,941,303

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Loans and borrowings (continued)

Long term loans and borrowings	2014	2013
Long term Eurobonds issued	540,850,456	--
-USD bank borrowings with fixed interest rates	540,850,456	--
Long term bank loans	158,785,244	338,621,635
-TL Loans	--	32,922
-Foreign currency loans	158,785,244	338,588,713
Finance lease obligations	11,456,349	981,585
Total	711,092,049	339,603,220

As at 31 December 2014 and 2013, maturity profile of long term bank loans comprised the following:

Year	2014	2013
Between 1-2 years	60,647,514	66,949,349
Between 2-3 years	55,318,962	66,447,626
Between 3-4 years	51,175,305	41,962,371
Over 5 years	532,493,919	163,262,289
Total	699,635,700	338,621,635

As at 31 December 2014 and 2013, maturity profile of finance lease obligations comprised the following:

	2014			2013		
	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>
Less than one year	4,763,086	1,090,641	3,672,445	1,177,968	90,386	1,087,582
Between one and five years	13,745,079	2,288,730	11,456,349	1,022,017	40,432	981,585
Total	18,508,165	3,379,371	15,128,794	2,199,985	130,818	2,069,167

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Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2014 are as follows:

							31 December 2014		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	Interest rate %	Principal (TL)	Carrying value (TL)		
<u>Loans used to finance investments and projects</u>									
Unsecured Eurobonds (xi)	Global Liman	USD	2021	Fixed	8.13	579,725,000	585,697,098		
Unsecured Loan	Bodrum Liman	USD	2016	Fixed	7.75	1,021,875	1,041,014		
Secured Loan	Ortadoğu Liman BPI	TL	2015	Fixed	11.76	36,805	37,069		
Secured Loan (x)	Malaga Port	EUR	2023	Floating	Euribor + 4.00	144,712,471	144,883,247		
Secured Loan (x)	Port of Bar	EUR	2025	Floating	Euribor 3m + 1.75	20,443,692	20,603,521		
Secured Loan	Port of Bar	EUR	2015	Floating	Euribor + 6.20	1,186,417	1,186,417		
Secured Loan	Port of Bar	EUR	2017	Fixed	8.20	1,164,554	1,170,320		
						748,290,814	754,618,686		
<u>Loans used to finance working capital</u>									
Unsecured Loan	Bodrum Liman	TL	2015	Fixed	11.00	1,500,000	1,500,000		
Unsecured Loan	Ege Liman	USD	2015	Fixed	6.25	2,318,900	2,318,900		
Secured Loan (x)	Creuers	EUR	2024	Floating	Euribor + 4.00	6,766,132	6,766,132		
Secured Loan	Port of Bar	EUR	2017	Fixed	8.00	794,854	813,339		
						11,379,886	11,398,371		
<u>Finance lease obligations</u>									
Leasing (viii)	Ortadoğu Liman	USD	2015	Fixed	5.92	626,584	626,584		
Leasing	Ortadoğu Liman	USD	2017	Fixed	5.75	439,898	439,898		
Leasing (ix)	Ortadoğu Liman	USD	2020	Fixed	7.35	3,895,409	3,895,409		
Leasing (x)	Ortadoğu Liman	USD	2019	Fixed	7.35	908,081	908,081		
Leasing	Ortadoğu Liman	USD	2019	Fixed	0.00	72,211	72,211		
Leasing (ii)	Ege Liman	EUR	2020	Fixed	7.75	8,694,737	8,694,737		
Leasing	Ege Liman	USD	2017	Fixed	6.50	274,430	274,430		
Leasing	Ege Liman	USD	2017	Fixed	5.75	73,192	73,192		
Leasing	Ege Liman	USD	2017	Fixed	6.00	144,251	144,251		
						15,128,793	15,128,793		
						774,799,493	781,145,850		

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Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2013 are as follows:

Loan type	Company name	Currency	Maturity	Interest type	31 December 2013		
					Interest rate %	Principal (TL)	Carrying value (TL)
Loans used to finance investments and projects							
Secured Loan (i)	Global Liman	USD	2017	Floating	Libor + 4.95	26,892,180	27,733,079
Secured Loan (iii)	Global Liman	USD	2021	Floating	Libor + 5.35	178,640,910	184,476,593
Secured Loan (iii)	Global Liman	USD	2023	Floating	Libor + 5.60	46,314,310	44,220,489
Secured Loan (iii)	Global Liman	USD	2023	Floating	Libor + 5.60	58,799,965	58,871,757
Secured Loan	Bodrum Liman	USD	2014	Fixed	7.95	998,200	1,029,656
Secured Loan	Bodrum Liman	USD	2016	Fixed	7.75	1,506,721	1,535,219
Secured Loan (iv)	Ortadoğu Liman	USD	2016	Floating	Libor + 4.95	40,978,560	41,343,701
Secured Loan (v)	Ortadoğu Liman	USD	2016	Fixed	5.15	4,802,175	4,858,004
Secured Loan (vi)	Ortadoğu Liman	USD	2017	Floating	Libor + 5.05	9,337,563	9,358,296
Secured Loan (vii)	Ortadoğu Liman	USD	2019	Fixed	5.65	7,825,767	7,869,524
Secured Loan	Ortadoğu Liman	TL	2015	Fixed	11.76	80,821	81,400
Secured Loan	Port of Bar	EUR	2017	Fixed	7.80	1,567,436	1,569,084
						377,744,608	382,946,802
Loans used to finance working capital							
Unsecured Loan	Bodrum Liman	TL	2014	Fixed	9.00	550,000	550,000
Unsecured Loan	Ege Liman	USD	2016	Floating	Libor + 5.05	2,134,300	2,145,498
Unsecured Loan	Ege Liman	USD	2014	Fixed	5.00	1,067,150	1,067,150
Unsecured Loan	Ege Liman	USD	2014	Fixed	5.25	1,067,150	1,067,150
Secured Loan (iv)	Ortadoğu Liman	USD	2016	Floating	Libor + 4.95	15,473,675	15,611,538
Secured Loan	Port of Bar	EUR	2017	Fixed	7.62	1,082,250	1,087,218
						21,374,525	21,528,554
Finance lease obligations							
Leasing (viii)	Ortadoğu Liman	USD	2015	Fixed	5.92	1,516,867	1,516,867
Leasing	Ortadoğu Liman	USD	2017	Fixed	5.75	552,300	552,300
						2,069,167	2,069,167
						401,188,300	406,544,523

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23 Loans and borrowings (continued)

The detailed information related to the significant loans borrowed by the Group is as follows:

- (i) Global Liman entered into a loan amounting to USD 35,000,000 in total on 20 July 2010 with a 7-year maturity and an interest rate of Libor+4.95%. Principal and interest is paid at the end of June of each year. On 17 June 2013, USD 2,250,000 was repaid. Under this loan agreement, in the event of default, the shares of Ege Liman and Ortadoğu Liman are pledged in accordance with a share pledge agreement. The remaining principle amount of the loan has been paid out with its interests and other costs in 2014 (31 December 2013: USD 12,600,000).
- (ii) On June 2014, Ege Liman has signed a finance lease agreement for financial investments with the interest rate of 7.75% with the maturity at 2020.
- (iii) As at 31 December 2013, the foreign currency loan amounting to USD 83,700,000 represents the bank loan granted to Global Liman on 26 June 2013, with an 8-year maturity. The interest rate is Libor+5.35%. Principal and interest are paid at June once in each year. The loan agreement imposes financial covenants on Global Liman, and includes terms about limitation on financing activities, investment, and dividend payments, the sales of the assets, and mergers and acquisitions of the related subsidiaries. All equity shares of Global Liman, Ortadoğu Liman and Ege Liman are pledged according to a share pledge agreement.

On 31 July 2013 and 27 December 2013, with the amendment to the existing agreement, Global Liman raised additional loans amounting to USD 11,200,000 and USD 38,050,000 with the interest rate of Libor+5.60%. Payments are once in a year and the loan has a maturity of 10 years. The remaining principle of the loan has been paid out with its interests and other costs in 2014.
- (iv) In 2006, Ortadoğu Liman entered into a loan amounting to USD 40,000,000 in total with a 10-year maturity. The interest rate was Libor + 2.90%. Starting from 29 July 2010, the interest rate has been revised to Libor+4.95%. The remaining principal amount of the loan has been paid out with its interests and other costs in 2014. (31 December 2013: USD 19,200,000). Principal and interest is paid at the end of April and October of each year. The loan agreement imposes financial covenants on Ortadoğu Liman, and includes terms about limitation on financing activities, investment, dividend payments, the sales of the assets, and mergers and acquisitions of the related subsidiaries. All equity shares are pledged according to a share pledge agreement.

On 12 August 2010, with the amendment to the existing agreement, Ortadoğu Liman raised an additional loan amounting to USD 10 million with the same conditions. The remaining principal amount of the loan has been paid out with its interests and other costs in 2014 (31 December 2013: USD 7,250,000).
- (v) Ortadoğu Liman entered into a loan on 13 October 2010, amounting to USD 4,500,000 in total with a 6-year maturity. The interest rate is 5.15%. With reference to the loan agreement signed, in the event of default, the crane and the other machinery purchased through this loan are pledged to the bank. The remaining principle of the loan has been paid out with its interests and other costs in 2014.
- (vi) Ortadoğu Liman entered into a loan on 14 June 2011, amounting to USD 7,500,000 in total with a 6-year maturity. Principal and interest are paid every 6 months. There is a pledge over the property and equipment in relation to the loan. The remaining principle of the loan has been paid out with its interests and other costs in 2014.
- (vii) Ortadoğu Liman entered into a loan on 24 May 2013, amounting to USD 4,000,000 in total with a 6-year maturity. The interest rate is 5.65%. With reference to the loan agreement signed, in the event of default, the crane and the other machinery purchased through this loan are pledged to the bank. The remaining principle of the loan has been paid out with its interests and other costs in 2014.
- (viii) On 27 August 2010, Ortadoğu Liman has signed a finance lease agreement for a port tugboat amounting to USD 2,040,000 with the interest rate of 5.92% and having the maturity of 4 September 2015.

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23 Loans and borrowings (continued)

(ix) On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port tugboat with the interest rate of 7.35% having the maturity of 16 July 2020.

On 27 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port forklift with the interest rate of 7.35% having the maturity of 16 August 2019.

(x) On 30 September 2014, BPI and Creuers have entered into a syndicated loan amounting to Euro 60,250 thousand. The tranche A of this loan, amounting to Euro 54,000 thousand, is paid every semester, at the end of June and December, being the last payment in 2023. Tranche B has been already paid for Euros 3,851 thousand. Tranche C amounting to Euro 2,399 thousand has a unique payment in 2024. The interest rate of this loan is Euribor 6m + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, the shares of BPI and Creuers are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, change in the control of the companies, change of the business, new loans, and disposal of assets.

On 12 January 2010, the Malaga Port obtained a Euro 9,000 thousand loan from Unicaja to finance the construction of the new terminal. This loan had an 18-month grace period, it is linked to Euribor and has a term of 180 months from the agreement execution date. Mortgage has been taken out on the administrative concession to guarantee repayment of the loan principal and accrued interest thereon.

(xi) The sales process of the Eurobond issuances amounting to USD 250,000,000 with 7 years of maturity, and 8.125% coupon rate based on 8.250% reoffer yield was completed on 14 November 2014. The bonds are now quoted at Irish Stock Exchange.

Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a “Concession Termination Event Offer”). In the Concession Termination Event Offer, the Issuer will offer a “Concession Termination Event Payment” in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (the “Concession Termination Event Payment Date”), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio would not exceed 5.0 to 1. Notwithstanding the foregoing clause (a), the Issuer and any Restricted Subsidiary will be entitled to Incur any or all of the following Indebtedness;
 - Indebtedness incurred by Global Liman (“the Issuer”), Ege Ports (“Guarantor”) or Ortadoğu Liman (“Guarantor”) pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5,000,000;
 - Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed US 10,000,000;
 - (a) additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and (b) Port of Bar Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time under sub-clauses (a) and (b) of this clause does not exceed USD 20,000,000; and provided further, that more than 50% in aggregate principal amount of any Port of Bar Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

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24 Trade and other payables

As at 31 December 2014 and 2013, current trade and other payables comprised the following:

	<u>2014</u>	<u>2013</u>
Payables to suppliers	11,723,849	9,115,712
Taxes payable and social security contributions	6,739,315	5,992,441
Due to subsidiaries' other shareholders	5,349,295	5,360,397
Payables to personnel	2,963,426	2,853,157
Deposits received	1,281,907	663,894
Advances received	805,249	1,165,436
Expense accruals	740,413	171,395
Tax amnesty payables	--	680,389
Other	1,154,058	1,412,279
Total	<u>30,757,512</u>	<u>27,415,100</u>

The Group's exposure to currency and liquidity risk related to the trade and other payables is disclosed in Note 30.

25 Employee benefits

The reserve for employment termination indemnity has been calculated by estimating the present value of future probable obligations of the Group arising from the retirement of the employees in relation to the subsidiaries operating in Turkey. Such payments are calculated on the basis of 30 days' pay up to a maximum of TL 3.438.22 as at 31 December 2014 (31 December 2013: TL 3,254.44) per year of employment at the rate of pay applicable at the date of retirement or termination. The calculation was based upon the retirement pay ceiling announced by the government. That ceiling is determined using coefficients defined by the Council of Ministers. The reserve for retirement pay is computed and reflected in the financial statements on a current basis.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint ventures registered in Turkey arising from the retirement of employees. IAS 19 *Employee Benefits* requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans such as the employment termination indemnity. Accordingly, the actuarial assumptions that follow are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	<u>2014</u>	<u>2013</u>
Discount rate	3.81%	3.81%
Turnover rate for the expectation of retirement probability	90%-100%	90%-96.5%

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25 Employee benefits (continued)

Movements in the reserve for employee termination indemnity during the years ended 31 December comprised the followings:

	<u>31 December 2014</u>	<u>31 December 2013</u>
1 January	3,641,454	1,411,061
Included in profit or loss		
Current service costs and interest	729,911	472,801
Acquired in business combinations	--	1,978,408
Included in OCI		
Actuarial (gain) / losses	28,260	(41,167)
Other		
Benefits paid	(985,702)	(178,554)
Foreign currency translation differences	183,963	(1,095)
31 December	<u>3,597,886</u>	<u>3,641,454</u>

26 Provisions

	<u>31 December 2014</u>	<u>31 December 2013</u>
Non-current		
Replacement provisions for Creuers	23,085,063	--
Restructuring provisions for Port of Bar	7,844,289	15,687,963
Total	<u>30,929,352</u>	<u>15,687,963</u>

(*) The replacement provisions are related to the acquisition of Creuers in compliance with TOORA Contract, executed by and between Creuers and the Barcelona and Malaga Port Authorities. (see Note 28 (c)).

(**) The restructuring provisions are related to the acquisition of the Port of Bar in compliance with TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Montenegrin Government (see Note 28 (c)).

	<u>31 December 2014</u>	<u>31 December 2013</u>
Current		
Other	1,410,742	955,776
Total	<u>1,410,742</u>	<u>955,776</u>

For the years ended 31 December, the movements of the provisions as below;

	<u>31 December 2014</u>	<u>31 December 2013</u>
Balance at 1 January	16,643,739	--
Assumed in a business combination (Note 6)	23,113,791	15,687,963
Provisions made during the year	4,457,502	955,776
Provisions used during the year	(11,112,481)	--
Currency translation difference	(762,457)	--
Balance at 31 December	<u>32,340,094</u>	<u>16,643,739</u>
Non-current	30,929,352	15,687,963
Current	1,410,742	955,776
	<u>32,340,094</u>	<u>16,643,739</u>

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27 Earnings per share

For the years ended 31 December, earnings per share is calculated by dividing the net profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	<u>2014</u>	<u>2013</u>
Net profit for the period	48,846,212	87,431,449
Weighted average number of shares	66.253.100	75.344.062
Earnings per share with par value of TL 1	0.7373	1.1604

28 Commitment and contingencies

(a) Lawsuits

There are pending lawsuits that have been filed against or by the Group. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for the possible expenses and liabilities. The amount of provision that has been accounted for as at 31 December 2014 is TL 250,591 (31 December 2013: TL 534,228).

The information related to the significant lawsuits that the Group is directly or indirectly a party to is as follows:

- (i) The operating rights of Kuşadası Port were transferred by OIB to Ege Liman for 30 years in July 2003. In October 2006, two former members of the Kuşadası Municipal Council filed a lawsuit with the Council of State, requesting the cancellation of those 'zoning plan and planning notes' of the Region of Kuşadası, which were to enable the construction of the new 'Cruise Port Upper Structure Facilities'. The relevant Chamber of the Council of State ordered the cancellation of the zoning plan and planning notes in November 2009. That decision was appealed by the lawyers of the Ministry of Public Works as well as the lawyers for the Group. However, the Plenary Session of Administrative Law Divisions, affirmed the decision of the Council of State in March 2013. Ege Liman applied for the revision of this decision and the file is pending for review.

While that appeal was pending, the Group lawyers filed a lawsuit against the termination of the occupancy and construction permit notification of the Municipality with the request of stay of execution. Aydın Administrative Court issued a stay of execution for the cancellation. As the lawyers of the Municipality then objected to that decision, the stay of execution itself was cancelled. Aydın Administrative Court rejected the case. This decision has been appealed. The file is pending.

The Municipality then issued a cease and desist order and delivered it to the Group in June 2010. The Group lawyers filed a lawsuit in order to cancel the order as well as issue a stay of execution. The Aydın Administrative Court first issued the stay of execution; however, upon the objection raised by the Municipality Lawyers, the court cancelled the stay of execution, which led the Group lawyers to raise an objection before the Regional Court in order to challenge this final decision. However such objection was denied. TDI's request to intervene the lawsuit has been accepted. Upon affirmation of such decision by the Council of State, the Group lawyers have applied for the rectification of the decision. The Council of State has rejected the appeal and affirmed the decision of the Aydın Administrative Court in February 2014. Group Lawyers applied for the revision of such decision and the file is pending.

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

A lawsuit regarding annulment of the decision of the Council of the Municipality regarding demolition of Kuşadası Port has been filed together with the request of a stay of execution. The Court on the same day ordered that stay of execution. TDI's request regarding intervention in the case was accepted on 22 December 2010. The Court has renewed the order of a stay of execution after the first reply of the Municipality, but then overruled the stay of execution on 29 June 2011. Aydın Administrative Court rejected the case, and such decision has been appealed. The Council of State has reversed the judgment in favour of the Company and the file has been returned to its court of first instance. The Plaintiff has requested the revision of such decision, and the file is pending.

After the cancellation of the order of a stay of execution by the Court, a request regarding discharge of Kuşadası Port was sent by Kuşadası Municipality. A lawsuit has been filed as at 20 July 2011. TDI has also intervened the lawsuit. The court has rejected the lawsuit, and such decision has been appealed by the Group. The Council of State has reversed the judgment in favour of the Company and the file has been returned to its court of first instance. The Defendant has requested the revision of such decision, and the file is pending.

In parallel, the Ministry of Public Works has approved the new zoning plan for Kuşadası on 28 October 2010 but there have been objections. However, the Ministry of Public Works evaluated the objections and rejected them on the below-mentioned grounds and approved the new zoning plan with its writ dated 31 January 2011:

- i) The zoning plan approved on 28 October 2010 is in line with the 1/100.000 "Environment Plan" of Aydın-Muğla-Denizli.
- ii) Kuşadası is one of the most important cruise ports of the country and has served for this very purpose for years; Kuşadası Port would become an idle facility due to the cancellation of the zoning plan which will consequently have a negative effect on the economy of the country.

The Court rendered a stay of execution decision and the Group lawyers have appealed the stay of execution. Plenary Session of Administrative Law Divisions of the Council of State has sustained such objection. This decision of the Council of State has been challenged by the plaintiffs requesting a stay of execution; however Council of State has rejected this request. The new zoning plan has recently entered into force.

On 15 March 2011, Ege Liman applied to Kuşadası Municipality for building permit but the Municipality rejected such application due to unjust grounds and the Group lawyers therefore, filed a lawsuit against such action of the Municipality. The court has decided to reject the lawsuit; such decision has been appealed by the Group. The appeal is pending before the Council of State.

The Group lawyers believe that the same arguments will cause the aforementioned lawsuits to become viewed as groundless.

In a related development, a former member of the Kuşadası Municipal Council has filed a lawsuit with the Aydın 1st Administrative Court, seeking to cancel the OIB's approval of the Kuşadası Port tender granted to Ege Liman. The Court ordered the cancellation of the tender on 2 June 2010. That decision was appealed by the lawyers of the OIB as well as the lawyers of the Group. The Council of the State approved the decision of the court of first instance and the Group and the OIB lawyers requested the revision of the decision. The Council of State has rejected such request, thus the decision has been finalized.

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

The Council of Ministers, with an unpublished Decision of 2011 ("the 2011 decision"), decided not to enforce court decisions that have been rendered for the cancellation of certain privatization transactions which have been completed pursuant to final transfer agreements as a result of the privatization acts, and are irrevocable for practical impossibilities, including the cancellation of the privatization of Ege Ports-Kuşadası. The 2011 Decision is in force. Since the 2011 decision was submitted to the court file by the Privatization Authority and was delivered to relevant parties, and since 60 days period for filing a lawsuit has passed, the 2011 Decision cannot be challenged by the relevant parties of this case.

Afterwards, the OIB further declared with its decision no. 2014/82 and dated August 7, 2014 (the "2014 Decision"), that it will not take any action with regards to claiming the return of Kuer the Port. Shortly after the 2014 Decision, on September 11, 2014, a new law entered into force introducing the Provisional Article 26 of the Privatization Law No. 4046 (the "Provisional Article 26"). The Provisional Article 26 sets forth that the OIB cannot take any action for the return of the privatized assets the final transfer of which to investors has been completed at least 5 years prior to September 11, 2014, in relation to courts' cancellation decisions, except where such decisions relate to breaches of relevant transfer of operation rights agreements. The OIB, upon the entry into force of the Provisional Article 26, sent a confirmation letter to Ege Liman (the "OIB Confirmation"), stating that the OIB confirms, based on the 2014 Decision and the Provisional Article 26 of the Privatization Law, not to take any actions for the enforcement of court decisions regarding the cancellation of Ege Liman privatization. The OIB also confirmed, in the OIB Confirmation, that it will not initiate any lawsuit to enforce that Ege Liman is returned to the OIB and informed Ege Liman to continue operating Kund informed in accordance with the transfer of operation rights agreement.

However, such Article was repealed by the Constitutional Court.

Since the unpublished Decision of the Council of Ministers of 2011 is not challenged and still in force, and the 2014 Decision is in effect, together with the OIB confirmation stating that no actions shall be taken for the return of Ege Ports to government and Ege Ports shall continue to be operated by Ege Liman within the frame of TOORA. Even though the Constitutional Court has repealed the Provisional Article 26, since the 2011 Decision and the 2014 Decision are in effect, there will be no practical outcomes of cancellation of Article 26.

Both the management and the legal attorney of the Group do not expect to face any negative consequences in the lawsuits regarding cancellation of Kuşadası Ports tender and assess that the likelihood of these lawsuits to result against the Group is low.

- (ii) The former owner of the shares of Torba filed a lawsuit against the Group for the restitution of the shares. The expert appointed by the local court submitted his report which was against the defendants. On 2 March 2010, the court decided to restore the shares to the former owners and the trustee, previously appointed by the Court on 4 January 2008, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the decision. The Court of Appeals has overruled the decision and the case has been tried in the court of first instance. The court has decided in favor of the former owners. The Group lawyers have appealed such decision and the file is being tried in the court of appeals. As a trustee was appointed to the management of Torba by the Court in January 2008, this subsidiary has been excluded from the scope of consolidation.

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

The Company and Ege İhracatçı Birlikleri Liman Hizmetleri ve Taşımacılık A.Ş. filed a lawsuit against the Privatization Administration at İzmir 4th Commercial Court with respect to the İzmir Port Privatization tender for the granting of operating rights for a definite period claiming the plaintiffs should be granted a period of 6 months as a preliminary junction in order to enable them to perform their duties, and that the provisions of the agreement regarding duration and payment should be adjusted, and arguing that in case such adjustment request is not accepted then there should be termination of the agreement without any indemnification as well as release of the plaintiffs from their obligations and the return of their bid bonds. İzmir 4th Commercial Court denied the lawsuit on the ground that it was not the authorized court for the lawsuit but that decision of the court has been appealed.

The decision was approved by the Court of Appeals, and the Group lawyers requested a revision of the decision, which the court has rejected. The Group lawyers have commenced enforcement proceedings, which were objected by the Privatization Authority. Upon this, the Group lawyers have filed a lawsuit in Ankara 5th Commercial Court, but the court has denied the lawsuit on the basis that such lawsuit is subject to administrative law, and such decision has been finalized. Accordingly, the Group lawyers have filed a lawsuit before the administrative court, which was also denied based on the lack of subject matter jurisdiction. The file was sent to the Court of Conflicts, and the Court of Conflicts decided that the file should be tried by the ordinary courts and sent the file back to Ankara 5th Commercial Court. The file is pending.

- (iii) Upon the decision of the Constitutional Court dated 6 June 2013 governing the cancellation of the phrase "...except for specific arrangements..." included in the Provisional Article 8 that has been added to the Law No: 4706 amending the contractual terms of agreements regarding easement rights or utilization rights concerning the immovable that are fully owned by the state or private properties of the Treasury, the terms of which are shorter than 49 years, to be extended to 49 years starting from the validity of the relevant agreements, Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz"), Ege Liman İşletmeleri A.Ş. ("Ege Ports") and Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Cruise Port") (together "Plaintiffs") filed their applications regarding extension of the operation periods of the ports, to the relevant authorities. Such applications are rejected and left unattended by the authorities.

Upon this, the Plaintiffs filed below lawsuits against the unfavorable actions of the governmental authorities:

Port Akdeniz filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. Privatization Administration filed its defense on 12 May 2014 and Port Akdeniz submitted its reply to the defense in due time.

Ege Ports filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. Both authorities filed their defense and Ege Ports will submit its reply to the defense in due time.

Bodrum Cruise Port filed a lawsuit against (i) Ministry of Finance General Directorate of National Estate, (ii) the District Governorship of Bodrum and (iii) the Ministry of Transportation, Maritime Affairs and Communication requesting cancellation with respect to rejection of the extension applications. The Ministry of Transportation, Maritime Affairs and Communication filed its defense and Bodrum Cruise Port submitted its reply in due time. Ministry of Finance General Directorate of National Estate and the District Governorship of Bodrum did not submit their defenses yet.

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28 Commitments and contingencies (continued)

(b) Guarantees

As at 31 December 2014 and 2013, the letters of guarantee given comprised the following:

<u>Letters of guarantee</u>	<u>2014</u>	<u>2013</u>
Given to Privatization Administration / Port Authority	6,818,046	1,163,518
Given to the Ministry	--	350,000
Given to Electricity Distribution Companies	534,793	289,184
Given to courts	154,590	154,590
Others	738,284	445,560
Total letter of guarantee	8,245,713	2,402,852

Other collaterals are disclosed in Note 23.

(c) Contractual obligations

Ege Liman

The details of the TOORA dated 2 July 2003, executed by and between Ege Liman and OIB together with TDI are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and OIB together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the DLH are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced. Bodrum Liman is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Port of Bar

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Montenegrin Government are stated below:

Global Liman will be performing services such as repair, financing, operation, maintenance in the Port of Bar for an operational period of 30 years (terminating in 2043). For the first three years of its ownership, the Group must implement certain investment programs and social programs outlined in the share purchase agreement. Global Liman is liable for the maintenance of the Port of Bar together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government of Montenegro, while the movable properties stay with Global Liman.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in Adossat Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals A, B and C together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Malaga Cruise Port

The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the Terminal Levante of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal Levante together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority. The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the of Terminal El Palmeral of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal El Palmeral together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

(d) Operating leases

Lease as lessee

The Group entered into various operating lease agreements. Operating lease rentals are payable as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Less than one year	721,601	182,476
Between one and five years	1,168,997	--
More than five years	--	--
	<u>1,890,598</u>	<u>182,476</u>

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Bodrum Liman until 2019.

For the year ended 31 December 2014 payments recognized as rent expense were TL 1,319,603 (2013: TL 888,040).

Lease as lessor

The future lease receipts or future lease receivables under operating leases are as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Less than one year	7,080,839	5,761,431
Between one and five years	18,910,234	18,319,814
More than five years	14,389,315	16,698,741
	<u>40,380,388</u>	<u>40,779,986</u>

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28 Commitments and contingencies (continued)

(d) Operating leases (continued)

The Group's main operating lease arrangements as lessor are a marina lease agreement of Ortadoğu Liman until 2028, and various shopping center rent agreements of Ege Liman and Bodrum Liman of up to 5 years.

During the year ended 31 December 2014, TL 14,681,278 (2013: TL 10,679,500) was recognized as rental income in the consolidated statement of profit or loss and other comprehensive income.

29 Service concession arrangement

The port operation rights, which belongs to Creuers, recognized under intangible assets includes fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The fixed assets model are applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona.

Creuers pays an occupancy and utilization royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is allocated (Note 26).

In accordance with the administrative concession contracts signed between the Port Authorities of Barcelona and Creuers, described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- Contract to adapt the Sea Station B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.

The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.

Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014 the Company arranged new guarantees in accordance with the new syndicated loan arranged (see Note 23), for which it pledged the receivables from the concession arrangements in favour of the lenders.

The Group's policy is to formalize insurance policies to cover possible risks to which certain elements related to administrative concessions are subject. There is a pledge commitment of credit rights derived from insurance policies by virtue of the syndicate loan contract signed on May 23, 2008 in favour of the lenders.

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30 Related parties

The related parties of the Group which are disclosed in this note comprised the following:

Related parties	Relationship
Mehmet Kutman	Shareholder
Global Yatırım Holding	Parent Company
Torba	Investment
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Parent Company's subsidiary
IEG Kurumsal Finansal Danışmanlık A.Ş.	Parent Company's subsidiary
Global Menkul Değerler A.Ş. ("Global Menkul")	Parent Company's subsidiary
İzmir Liman	Subsidiary
Naturel Gaz	Parent Company's subsidiary

Due from related parties

As at 31 December 2014 and 2013, current receivables from related parties comprised the following:

Current receivables from related parties	2014	2013
Global Yatırım Holding (*)	103,412,152	18,385,541
Adonia Shipping (**)	3,833,034	1,509,494
IEG Kurumsal Finansal Danışmanlık A.Ş. (**)	1,306,468	--
Naturel Gaz (**)	274,622	274,622
Mehmet Kutman	207,952	300,508
Torba	85,667	74,774
Others	546,459	156,392
Total	109,666,354	20,701,331

(*) Although Global Liman has sufficient retained earnings in its consolidated financial statements, in accordance with the Turkish Commercial Code, dividends can be distributed based on financial statements prepared according to the Tax Procedural Law. The other current assets from Global Yatırım Holding are comprised of advance dividend payments, which will be settled at the end of the corporate tax income declared for 2014 which is subject to dividend distribution for the year ending 31 December 2014.

The amount netted with monthly Global Yatırım Holding charges regarding IT consultancy and personnel social support given. The charged interest rate is 10.50% as at 31 December 2014 (31 December 2013: 11.75%).

(**) These amounts are related with the work advances. The charged interest rate is 10.50% as at 31 December 2014 (31 December 2013: 11.75%).

As at 31 December 2014 and 2013, non-current receivables from related parties comprised the following:

Non-current receivables from related parties	2014	2013
Torba (*)	5,029,659	5,029,659
Total	5,029,659	5,029,659

(*) The balance consists of an advance given for a real estate development project. There is a pledge on the land of Torba against the receivable. Interest was charged over this receivable until the date of loss of the control of Torba.

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Related parties (continued)

Other investments

As at 31 December 2014, the Group has Global Yatırım Holding bonds amounting to TL 31,881,979 with a nominal value of USD 14,750,000 (2013: TL 29,054,619 with a nominal value of USD 15,050,000) which are classified as available for sale financial assets. There is no accrued interest as of 31 December 2014 and 2013.

As at 31 December 2014, the Group does not have Global Yatırım Holding share certificates amounting (2013: TL 3,990,652 with a nominal value of TL 3,030,562).

Due to related parties

As at 31 December 2014 and 2013, current payables to related parties comprised the following:

Current payables to related parties	2014	2013
Mehmet Kutman	739,755	739,854
Global Sigorta (*)	311,490	210,884
Global Menkul (*)	38,431	42,601
Global Yatırım Holding	--	18,621,871
Other	29,164	3,149
Total	1,118,840	19,618,359

(*) These amounts are related to professional services taken. The charged interest rate is 10.50% as at 31 December 2014 (31 December 2013: 11.75%).

Transactions with related parties:

For the years ended 31 December, significant transactions with other related parties comprised the following:

	2014		2013	
	Interest received	Other	Interest received	Other
Global Yatırım Holding	4,509,631	--	716,840	169,492
Adonia Shipping	--	--	--	16,314
Total	4,509,631	--	716,840	185,806

	2014		2013	
	Interest given	Other	Interest given	Other
Global Yatırım Holding	68,546	7,200	394,139	71,507
Global Menkul	4,816	118,920	3,049	88,810
Total	73,362	126,120	397,188	160,317

As at 31 December 2014 and 2013, the Group has Global Yatırım Holding bonds with a nominal value of USD 14,750,000 for a consideration of TL 31,881,979 (2013: Global Yatırım Holding bonds with a nominal value of USD 15,050,000 for a consideration of TL 29,054,619). The bonds' maturity is 30 September 2017 with an annual interest rate of 11%.

For the year ended 31 December 2014, the Group recognized interest income on these bonds amounting to TL 4,500,911 (2013: TL 2,963,857). For the year ended 31 December 2014, the effective interest rate was 14.95% (2013: 14.95%). For the year ended 31 December 2014, the Group accounted for a gain amounting to TL 1,748,656 from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (2013: TL 132,543).

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30 Related parties (continued)

Transactions with key management personnel

For the years ended 31 December, details of benefits to key management personnel comprised the following:

	<u>2014</u>	<u>2013</u>
Salaries	6,127,843	1,894,775
Bonus	1,913,573	644,427
Attendance fees to Board of Directors	1,089,710	126,745
Compensation of seniority expenses- including provision and payment	1,016,572	9,760
Severance indemnity payments	151,661	964
Total	<u>10,299,359</u>	<u>2,676,671</u>

31 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies which are governed centrally by Global Yatırım Holding are to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management has a credit risk policy in place to monitor the exposure to credit risk on an ongoing basis. The Group has the ability to receive collateral for its financial assets. Furthermore, the Group obtains letters of guarantee or similar collaterals from third parties for specific agreements and projects, if necessary.

Regarding the credibility of the counterparty, letters of guarantee or advance payments are received as collateral for trade receivables from port operations. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations.

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31 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has access to funding sources from banks and keeps a certain level of assets as cash and cash equivalents required for daily operations of the Group entities. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Current and future loan needs of the Group are supplied by continuous accessibility of a sufficient number of high quality banks for major subsidiaries of the Group.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Global Yatırım Holding's Treasury and Fund Management Department.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of each company. The currencies in which these transactions primarily are denominated are USD, Euro and TL.

The BPI, Port of Bar, Ortadoğu Liman, Ege Liman and Bodrum Liman are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than their functional currency. The currencies in which these transactions primarily are denominated are TL, USD and Euro.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. As at 31 December 2014 and 2013, the Group does not use derivative instruments to hedge interest rate risk.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

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31 Financial risk management (continued)

Operational risk (continued)

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group aims include the continuity of the Group's operations, and an optimal capital structure to decrease the cost of the capital in order to provide earnings to shareholders when managing the capital.

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31 Financial risk management (continued)

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	RECEIVABLES					Financial investments	Total
	Trade receivables	Due from related parties	Other receivables	Cash at banks			
31 December 2014							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	12,977,059	11,283,861	309,193	104,268,274		31,881,979	160,720,366
<i>Net book value of assets overdue but not exposed to impairment</i>	5,756,795	--	1,206,782	--		--	6,963,577
<i>Net book value of assets exposed to impairment</i>	--	--	--	--		--	--
<i>- Overdue (gross book value)</i>	2,050,904	--	--	--		--	2,050,904
<i>- Impairment(-)</i>	(2,050,904)	--	--	--		--	(2,050,904)
Maximum credit risk exposure at reporting date	18,733,854	11,283,861	1,515,975	104,268,274		31,881,979	167,683,943
31 December 2013							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	11,727,970	7,345,449	695,704	37,998,443		29,054,619	86,822,185
<i>Net book value of assets overdue but not exposed to impairment</i>	--	--	--	--		--	--
<i>Net book value of assets exposed to impairment</i>	--	--	--	--		--	--
<i>- Overdue (gross book value)</i>	664,610	--	--	--		--	664,610
<i>- Impairment(-)</i>	(664,610)	--	--	--		--	(664,610)
Maximum credit risk exposure at reporting date	11,727,970	7,345,449	695,704	37,998,443		29,054,619	86,822,185

The maturity analysis of the assets overdue but not impaired is as follows:

	Trade receivables	
	31 December 2014	31 December 2013
1 to 30 days overdue	3,438,859	--
1 to 3 months overdue	1,699,158	--
3 to 12 months overdue	618,778	--
Total	5,756,795	--

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Financial risk management (continued)

Liquidity risk

The liabilities of the Group by relevant maturity groupings based on the remaining periods to repayment are as follows:

31 December 2014	Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
CONTRACTUAL MATURITIES						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	766,017,056	1,126,457,108	1,105,125	173,719,428	247,995,009	703,637,546
Finance lease liabilities	15,128,794	16,532,196	1,162,239	2,965,338	9,959,971	2,444,648
Trade and other payables	28,489,646	29,612,397	2,490,578	27,121,819	--	--
Due to related parties	1,118,840	1,118,840	--	1,118,840	--	--
Derivative financial liabilities	2,689,102	7,162,948	484,636	939,533	2,919,078	2,819,701
31 December 2013						
CONTRACTUAL MATURITIES						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	404,475,356	483,633,302	761,189	64,996,736	236,278,255	181,597,122
Finance lease liabilities	2,069,167	2,199,984	294,492	883,476	1,022,016	--
Trade and other payables	27,415,100	27,415,100	--	27,415,100	--	--
Due to related parties	19,618,359	19,618,359	--	19,618,359	--	--

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31 Financial risk management (continued)

Market risk

Currency risk

As at 31 December 2014, foreign currency risk exposures of the Group comprised the following:

	31 December 2014			
	TL equivalents	USD	EURO	TL
Trade receivables	129,916,177	38,695,071	4,489,708	27,522,058
Other financial assets	161,931,784	39,631,825	18,064,893	19,073,901
Current assets	291,847,961	78,326,896	22,554,601	46,595,959
Financial assets	28,655,824	4,360,760	4,452,637	5,984,104
Non-current assets	28,655,824	4,360,760	4,452,637	5,984,104
Total assets	320,503,785	82,687,656	27,007,238	52,580,063
Trade payables	27,659,795	296,366	3,481,982	17,150,925
Financial liabilities	70,053,800	21,414,225	6,686,030	1,537,069
Other financial liabilities	6,922,238	347,255	567,335	4,516,707
Current liabilities	104,635,833	22,057,846	10,735,347	23,204,701
Financial liabilities	711,092,050	235,384,718	58,587,736	--
Other financial liabilities	37,216,342	--	12,506,280	1,939,877
Non-current liabilities	748,308,392	235,384,718	71,094,016	1,939,877
Total liabilities	852,944,225	257,442,564	81,829,363	25,144,578
Net foreign currency position	(532,440,440)	(174,754,908)	(54,822,125)	27,435,485

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31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

As at 31 December 2013, foreign currency risk exposures of the Group comprised the following:

	31 December 2013			
	TL equivalents	USD	EURO	TL
Trade receivables	29,844,858	2,595,566	1,193,598	20,800,141
Other financial assets	85,100,384	33,993,177	1,138,107	9,206,695
Current assets	114,945,242	36,588,743	2,331,705	30,006,836
Financial assets	12,812,149	169,200	10,446	12,420,351
Non-current assets	12,812,149	169,200	10,446	12,420,351
Total assets	127,757,391	36,757,943	2,342,151	42,427,187
Trade payables	37,882,647	823,894	141,907	35,707,500
Financial liabilities	66,168,929	30,653,155	50,203	598,479
Other financial liabilities	7,169,818	496,209	36,226	6,004,381
Current liabilities	111,221,394	31,973,258	228,336	42,310,360
Financial liabilities	337,719,293	157,648,594	--	1,249,900
Other financial liabilities	2,380,706	--	--	2,380,706
Non-current liabilities	340,099,999	157,648,594	--	3,630,606
Total liabilities	451,321,393	189,621,852	228,336	45,940,966
Net foreign currency position	(323,564,002)	(152,863,909)	2,113,815	(3,513,779)

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31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

TL exchange rate risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

Sensitivity Analysis

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2014 and 2013 would have increased equity or profit or loss, excluding tax effects, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2014	PROFIT /LOSS		EQUITY(*)	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of the USD against TL:			
1- Net USD asset/liability	(40,523,916)	40,523,916	--	--
2- Hedged portion against USD risk (-)	--	--	35,692,279	(35,692,279)
3- Net effect of USD (1+2)	(40,523,916)	40,523,916	35,692,279	(35,692,279)
	A 10 percent (strengthening)/weakening of the Euro against TL:			
4- Net Euro asset/liability	(15,463,677)	15,463,677	--	--
5- Hedged portion against Euro risk(-)	--	--	2,013,904	(2,013,904)
6- Net effect of Euro (4+5)	(15,463,677)	15,463,677	2,013,904	(2,013,904)
TOTAL (3+6)	(53,244,044)	53,244,044	37,706,183	(37,706,183)
31 December 2013	PROFIT /LOSS		EQUITY(*)	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of the USD against TL:			
1- Net USD asset/liability	(32,625,744)	32,625,744	--	--
2- Hedged portion against USD risk (-)	--	--	12,781,207	(12,781,207)
3- Net effect of USD (1+2)	(32,625,744)	32,625,744	12,781,207	(12,781,207)
	A 10 percent (strengthening)/weakening of the Euro against TL:			
4- Net Euro asset/liability	620,722	(620,722)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	620,722	(620,722)	--	--
TOTAL (3+6)	(32,356,400)	32,356,400	12,781,207	(12,781,207)

(*) Profit/ loss excluded

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31 Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts.

Interest rate exposure		31 December 2014	31 December 2013
Fixed-rate financial instruments			
Financial assets	Cash at banks	63,238,766	32,649,574
	Available for sale financial assets	31,881,979	29,054,619
Financial liabilities	Loans and borrowings	(607,706,533)	(22,783,572)
		(512,585,788)	38,920,621
Effect of interest rate swap		(151,478,602)	--
		(664,064,390)	38,920,621
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(173,439,317)	(383,760,951)
Effect of interest rate swap		151,478,602	--
		(21,960,715)	(383,760,951)

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2014, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by TL 219,607 (2013: higher by TL 3,837,610) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by TL 219,607 (2013: lower by TL 3,408,496).

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31 Financial risk management (continued)

Fair values

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of consolidated financial position, are as follows:

	Note	31 December 2014		31 December 2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	21	107,641,849	107,641,849	42,676,034	42,676,034
Trade and other receivables	19	20,249,829	20,249,829	12,423,674	12,423,674
Due from related parties	30	114,696,013	114,696,013	25,730,990	25,730,990
Other assets	20	27,864,155	27,864,155	29,597,483	29,597,483
Other investments	17	31,881,979	31,881,979	33,045,271	33,045,271
Total		302,333,825	302,333,825	143,473,452	143,473,452
Financial liabilities					
Loans and borrowings	23	781,145,850	781,145,850	406,544,523	406,544,523
Derivative financial liabilities		2,689,102	2,689,102	--	--
Trade and other payables	24	33,446,615	33,446,615	27,415,100	27,415,100
Due to related parties	30	1,118,840	1,118,840	19,618,359	19,618,359
Total		818,400,407	818,400,407	453,577,982	453,577,982

Determination of the fair value of a financial instrument is based on market values when there are two counterparties willing to sell or buy, except under the conditions of events of default forced liquidation.

The Group determines the fair values based on the appropriate methods and market information. Fair values have been determined for measurement based on the following methods and assumptions:

The fair values of cash and cash equivalents, other monetary assets, which are short term, trade receivables and payables and long term foreign currency loans and borrowings with variable interest rates and negligible credit risk change due to borrowings close to year end are expected to approximate to the carrying amounts.

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or in directly (i.e., derived from prices);

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

31 December 2014	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	--	2,689,102	--	2,689,102
31 December 2013	Level 1	Level 2	Level 3	Total
Share certificates of Global Yatırım Holding	3,990,652	--	--	3,990,652

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32 Events after the reporting date

According to two new decrees enacted within 2014 in Spain, as a concession owner both Creuers del Port de Barcelona and Cruceros Malaga have the option to apply for two set of extensions. First one is up to 1/2 of the original concession period and the other one is 2/5 of the concession period capped with 50 years at the maximum, although 65 years is also possible with a special permission from Public Body on Governance of Ports Authorities ("Puertos del Estado"). Creuers is allowed to benefit from both options simultaneously. The Board of Directors of Creuers has not yet resolved on any alternative.