

**GLOBAL LİMAN İŞLETMELERİ A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
AND INDEPENDENT AUDITOR'S REPORT**

10 March 2017

This report includes 3 page of independent auditor's report and 83 pages of consolidated financial statements together with their explanatory notes.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Table of Contents

Independent auditor's report

Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of financial position

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Liman İşletmeleri A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Liman İşletmeleri A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and 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.

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

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

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

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

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

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



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

DRT BAĞIMSIZ DENETİM VE SMMA A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

İstanbul, 10 March 2017

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

(Amounts expressed in USD 000's ("USD'000"))

	<i>Notes</i>	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	7	114,869	105,481
Cost of sales	7	(72,083)	(67,259)
Gross profit		42,786	38,222
Gain on bargain purchase	6	--	5,190
Selling and marketing expenses	9	(808)	(317)
Administrative expenses	10	(16,204)	(11,300)
Other income and expense	8	(5,032)	(7,267)
Operating profit		20,742	24,528
Finance income	11	15,857	32,813
Finance costs	11	(33,618)	(44,078)
Net finance costs		(17,761)	(11,265)
Share of profit of equity-accounted investees	15	2,219	671
Profit before tax		5,200	13,934
Income tax (expense) / benefit	17	(925)	2,526
Profit for the year		4,275	16,460
Profit for the year attributable to:			
Owners of the Company		2,208	14,157
Non-controlling interests	22	2,067	2,303
		4,275	16,460
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	21	50	34
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	(10)	(7)
		40	27
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	21	25,655	13,078
Cash flow hedges - effective portion of changes in fair value		(247)	94
Losses on a hedge of a net investment	21	(59,569)	(64,629)
Income tax relating to items that may be reclassified subsequently to profit or loss	21	11,976	12,902
		(22,185)	(38,555)
Other comprehensive loss for the year, net of income tax		(22,145)	(38,528)
Total comprehensive income/(loss) for the year		(17,870)	(22,068)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(17,343)	(18,385)
Non-controlling interests	22	(527)	(3,683)
		(17,870)	(22,068)
Basic and diluted earnings per share	27	0.0297	0.2102

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of financial position

As at 31 December 2016

(Amounts expressed in USD 000's ("USD'000"))

	<i>Notes</i>	As at 31 December 2016	As at 31 December 2015
Non-current assets			
Property and equipment	<i>12</i>	115,765	119,771
Intangible assets	<i>13</i>	426,081	462,277
Goodwill	<i>14</i>	14,970	12,860
Equity-accounted investees	<i>15</i>	17,168	6,627
Other non-current assets	<i>19</i>	11,412	13,047
Deferred tax assets	<i>17</i>	3,047	3,805
Other investments		8	9
		588,451	618,394
Current assets			
Trade and other receivables	<i>18</i>	11,922	10,801
Due from related parties	<i>30</i>	31,501	38,142
Other investments	<i>16</i>	14,602	16,907
Other current assets	<i>19</i>	7,768	8,008
Prepaid taxes		1,814	158
Cash and cash equivalents	<i>20</i>	44,310	77,423
		111,917	151,439
Total assets		700,368	769,833
Current liabilities			
Loans and borrowings	<i>23</i>	43,659	36,621
Other financial liabilities	<i>31</i>	140	261
Trade and other payables	<i>24</i>	14,463	14,665
Due to related parties	<i>30</i>	581	701
Current tax liabilities	<i>17</i>	1,814	1,900
Provisions	<i>26</i>	1,199	412
		61,856	54,560
Non-current liabilities			
Loans and borrowings	<i>23</i>	299,020	314,528
Other financial liabilities	<i>31</i>	2,524	2,156
Derivative financial liabilities	<i>31</i>	1,131	953
Deferred tax liabilities	<i>17</i>	97,173	104,170
Provisions	<i>26</i>	14,858	14,178
Employee benefits	<i>25</i>	1,287	1,464
		415,993	437,449
Total liabilities		477,849	492,009
Net assets		222,519	277,824
Equity			
Share capital	<i>21</i>	33,836	33,836
Share premium account	<i>21</i>	54,539	54,539
Legal reserves	<i>21</i>	12,424	9,917
Hedging and translation reserves	<i>21</i>	(2,489)	17,103
Retained earnings		43,621	78,488
Equity attributable to equity holders of the Company		141,931	193,883
Non-controlling interests	<i>22</i>	80,588	83,941
Total equity		222,519	277,824

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Consolidated statement of changes in equity
For the year ended 31 December 2016

(Amounts expressed in USD 000's ("USD'000"))

	Notes	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015		31,050	--	10,117	(23,234)	72,907	84,104	174,944	65,283	240,227
Profit for the year		--	--	--	--	--	14,157	14,157	2,303	16,460
Other comprehensive loss for the year	21	--	--	--	(51,633)	19,063	27	(32,543)	(5,985)	(38,528)
Total comprehensive income for the year		--	--	--	(51,633)	19,063	14,184	(18,386)	(3,682)	(22,068)
Issue of share capital	21	2,786	54,539	--	--	--	--	57,325	--	57,325
Transfer to legal reserves		--	--	(1,253)	--	--	1,253	--	--	--
Dividends	21(c)	--	--	1,053	--	--	(21,053)	(20,000)	(3,256)	(23,256)
Total contributions and distributions		2,786	54,539	(200)	--	--	(19,800)	37,325	(3,256)	34,069
Changes in ownership interests		--	--	--	--	--	--	--	25,596	25,596
Acquisition of subsidiary	6(ii)	--	--	--	--	--	--	--	25,596	25,596
Total changes in ownership interests		--	--	--	--	--	--	--	25,596	25,596
Total transactions with owners of the Company		2,786	54,539	(200)	(51,633)	19,063	(5,616)	18,939	18,658	37,597
Balance at 31 December 2015		33,836	54,539	9,917	(74,867)	91,970	78,488	193,883	83,941	277,824

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Consolidated statement of changes in equity
For the year ended 31 December 2016
(Amounts expressed in USD 000's ("USD'000"))

	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2016	33,836	54,539	9,917	(74,867)	91,970	78,488	193,883	83,941	277,824
Profit for the year	--	--	--	--	--	2,208	2,208	2,066	4,274
Other comprehensive loss for the year	--	--	--	(47,841)	28,249	40	(19,552)	(2,594)	(22,146)
Total comprehensive income for the year	--	--	--	(47,841)	28,249	2,248	(17,344)	(528)	(17,872)
Transfer to legal reserves	--	--	686	--	--	(686)	--	--	--
Dividends	--	--	1,821	--	--	(36,429)	(34,608)	(3,010)	(37,618)
Total contributions and distributions	--	--	2,507	--	--	(37,115)	(34,608)	(3,010)	(37,618)
Changes in ownership interests	--	--	--	--	--	--	--	--	--
Acquisition of subsidiary	--	--	--	--	--	--	--	185	185
Total changes in ownership interests	--	--	--	--	--	--	--	185	185
Total transactions with owners of the Company	--	--	2,507	(47,841)	28,249	(34,867)	(51,952)	(3,553)	(55,305)
Balance at 31 December 2016	33,836	54,539	12,424	(122,708)	120,219	43,621	141,931	80,588	222,519

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of cash flow

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	<i>Notes</i>	Year ended 31 December 2016	Year ended 31 December 2015
Cash flows from operating activities			
Profit for the year		4,275	16,460
Adjustments for:			
Depreciation and amortization expense	12,13	40,556	38,184
Bargain purchase gain	6	--	(5,190)
Share of profit of equity-accounted investees, net of tax	15	(2,219)	(671)
Interest expense	11	26,588	24,102
Interest income	11	(3,419)	(4,683)
Income tax (benefit) / expense	17	925	(2,526)
Employment termination indemnity reserve	25	172	299
Provisional charges	26	4,145	2,987
Unrealized foreign exchange differences on loans and borrowings		15,887	8,754
Operating cash flow before changes in operating assets and liabilities		86,909	77,716
Changes in:			
- trade and other receivables		(2,059)	(4,111)
- other current assets		(1,205)	4,268
- related party receivables	30	(585)	158
- other non-current assets		3,189	(733)
- trade and other payables		(2,234)	(740)
- related party payables		(53)	279
- provisions	26	(1,779)	(770)
Cash generated by operations before benefit and tax payments		82,183	76,067
Employee benefits paid	25	(229)	(183)
Income taxes paid	17	(4,478)	(6,192)
Net cash generated from operating activities		77,476	69,692
Investing activities			
Acquisition of property and equipment	12	(8,296)	(7,146)
Acquisition of intangible assets	13	(99)	(73)
Proceeds from sale of property and equipment		38	36
Change in financial investments		4,234	703
Interest received		600	301
Acquisition of other investment		(8,576)	--
Acquisition of subsidiary	6	(2,181)	(24,950)
Advances given for tangible assets		(2,247)	(367)
Net cash used in investing activities		(16,527)	(27,805)
Financing activities			
Increase in share capital	6	--	57,325
Change in due from related parties	11,30	8,117	10,801
Change in due to related parties		173	(60)
Dividends paid		(34,607)	(23,256)
Investment in equity accounted investees		--	(4,781)
Interest paid		(26,202)	(21,172)
Proceeds from borrowings		12,486	27,021
Repayments of borrowings		(17,608)	(18,337)
Net cash (used in)/from financing activities		(57,641)	27,541
Net increase in cash and cash equivalents		3,308	65,737
Effect of foreign exchange rate changes		(37,996)	(37,333)
Cash and cash equivalents at beginning of year		73,044	44,640
Cash and cash equivalents at end of year		38,356	73,044

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

Notes to the consolidated financial statements

1	General information	7
2	Adoption of new and revised Standards	10
3	Significant accounting policies	13
4	Determination of fair values	31
5	Segment Reporting	31
6	Acquisition of subsidiary	35
7	Revenue and cost of sales	38
8	Other income and expenses	39
9	Selling and marketing expenses	39
10	Administrative expenses	40
11	Finance income and costs	40
12	Property and equipment	41
13	Intangible assets	43
14	Goodwill	44
15	Equity-accounted investees	45
16	Other investments	47
17	Taxation	47
18	Trade and other receivables	52
19	Other assets	52
20	Cash and cash equivalents	53
21	Capital and reserves	54
22	Non-controlling Interests	57
23	Loans and borrowings	59
24	Trade and other payables	63
25	Employee benefits	63
26	Provisions	64
27	Earnings per share	65
28	Commitment and contingencies	65
29	Service concession arrangement	71
30	Related parties	72
31	Financial risk management	74
32	Events after the reporting date	83

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information

Global Altyapı Hizmetleri ve İşletmecilik A.Ş. was incorporated in 2004 in Istanbul, Turkey as joint stock company to invest in Global Yatırım Holding A.Ş.'s ("Global Yatırım Holding") infrastructure projects. On 13 September 2007, Global Altyapı Hizmetleri ve İşletmecilik A.Ş. changed its trade name to Global Liman İşletmeleri A.Ş. ("Global Liman", the "Company" or "GPH").

The principal activities of the Company and its subsidiaries (together, the "Group") is to invest in the capital and management of companies that operate or will operate in the ports and port management industry.

The address of the registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / İstanbul".

In 2015, European Bank of Reconstruction and Development ("EBRD") has invested Euro 53.4 million (USD 57.3 million) including share premium of Euro 50.8 million (USD 54.5 million) and acquired 10.84% of the Company's shares. As at 31 December 2015 and 31 December 2016, 89.16% of the shares of the Company are owned by Global Yatırım Holding and 10.84% by European Bank of Reconstruction and Development ("EBRD").

As at 31 December 2016, the number of employees of the Group was 666 (31 December 2015: 702).

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

Subsidiaries

Ege Liman İşletmeleri A.Ş. ("Ege Liman")
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman")
Bodrum Liman İşletmeleri A.Ş. ("Bodrum Liman")
Container Terminal and General Cargo – Bar ("Port of Adria")
Barcelona Port Investments, S.L ("BPI")
Creuers del Port de Barcelona, S.A. ("Creuers")
Cruceros Malaga, S.A. ("Malaga Port")
Global Ports Europe B.V ("Global BV")
Perquisite Holdings Ltd. ("Perquisite")
Global Ports Malta Ltd. ("GP Malta")
Valetta Cruise Port PLC ("VCP")
Port Operation Holding Srl ("POH")
Royal Caribbean Investments (Cyprus) Ltd ("RCI Cyprus")
Ravenna Terminali Passegeri Srl ("Ravenna")
Catania Terminali Passegeri Srl ("Catania")
Cagliari Terminali Passegeri Srl ("Cagliari")
Global Depolama A.Ş. ("Global Depolama")
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa")

Locations

Aydın-Turkey
Antalya-Turkey
Muğla-Turkey
Montenegro
Spain
Spain
Spain
Netherlands
Malta
Malta
Valetta – Malta
Italy
Cyprus
Italy
Italy
Italy
İstanbul-Turkey
Antalya-Turkey

Operations

Port operations
Port operations
Port operations
Port operations
Port investments
Port operations
Port operations
Port investments
Port investments
Port operations
Port investments
Port operations
Port operations
Port operations
Storage
Marine vehicle trade

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information (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 2016, 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 A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information (continued)

Port of Adria

On 23 July 2013, Global Liman won the tender for the repair, financing, operation, maintenance and transfer of Port of Adria and the right to acquire 62.09% of the shares in Port of Adria 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 Adria 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 as an equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013 and 30 September 2014.

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.

Global BV, Perquisite, GP Malta and VCP

Global BV was established in the Netherlands for the investments made through European Ports. As of 15 November 2015, Global BV acquired 55.60% of VCP shares through Holding Companies of GP Malta and Perquisite. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The company is also responsible for the handling of international cruise and ferry passengers. For this purpose the company was granted a license by the Malta Maritime Authority.

Port Operation Holding, RCI Cyprus, Ravenna, Catania and Cagliari-

POH was established in Italy for the investments made through Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares. Share purchases are performed from two different former shareholders, one by direct share purchase and another by purchase of a dormant Company, based in Cyprus ("RCI Cyprus"). Purchase of RCI Cyprus shares are made at the end of the year 2016. The financial statements of RCI Cyprus as of 31 December 2015 are not significant in terms of consolidated financial statements of the Group. Since RCI Cyprus could not prepare its financial statements as of 31 December 2016, RCI Cyprus is not included in the accompanying consolidated financial statements. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information *(continued)*

Global Depolama

Global Depolama was established on 9 July 2008 for the purpose of investing in the warehousing 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 2016, Randa is inactive and is excluded from the scope of consolidation.

2 Adoption of new and revised Standards

i. Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

The Group has adopted the amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statement is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”

The Group has adopted the amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The adoption of these amendments has had no impact on the Group's consolidated financial statement.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

2 Adoption of new and revised Standards *(continued)*

i. Amendments to IFRSs that are mandatorily effective for the current year (continued)

Amendments to IAS 1 “Disclosure Initiative”

The Group has adopted the amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

The amendments also address the structure of the financial statements by providing examples of systematic ordering or grouping of the notes.

The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”

The Group has adopted the amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”

The Group has adopted the amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants for the first time in the current year. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The adoption of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

2 Adoption of new and revised Standards *(continued)*

i. Amendments to IFRSs that are mandatorily effective for the current year (continued)

Amendments to IAS 27 "Equity Method in Separate Financial Statements"

The Group has adopted the amendments to IAS 27 Equity Method in Separate Financial Statements for the first time in the current year. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost,
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The adoption of the amendments has had no impact on the Company's separate financial statements as the Company accounts for investments in subsidiaries and associates at cost and is not an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle for the first time in the current year.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The adoption of these amendments has had no effect on the Group's consolidated financial statements.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

2 Adoption of new and revised Standards *(continued)*

ii. *New and revised IFRSs in issue but not yet effective*

At the date of authorization of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and [in some cases] had not yet been adopted by the EU:

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IAS 7	<i>Disclosure initiative</i>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealized Losses</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosures of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 will have impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

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.

(a) Statement of compliance

The consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial statements has been prepared on the historical cost basis except for the following items, which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

<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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(c) Functional and presentation currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the Company is TL. For the purpose of the consolidated financial statements, United States Dollars is chosen as the presentation currency by management. The consolidated financial statements are rounded to the nearest thousand dollars, except when otherwise indicated.

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, Spain, Malta and Italy 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 is based on these statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

US Dollar ("USD") is the most significant currency to the operations of Ortadoğu Liman. Therefore, USD has been determined as the functional currency of Ortadoğu 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 Adria, Ege Liman, Bodrum Liman, VCP, Malaga Port, Global BV, BPI, Creuers and Italy. 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) Critical accounting judgements

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements have been included in the following notes:

Note	Definition
Note 3 (i)	Property and equipment
Note 3 (j)	Intangible assets
Note 4	Determination of fair values
Note 5 and 6	Business combinations
Note 14	Allowances for recoverable amounts of cash generating units-goodwill

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (*continued*)

(e) Key sources of estimation uncertainty

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

<u>Note</u>	<u>Definition</u>
Note 17	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 14	Impairment test: key assumptions underlying recoverable amounts

(f) Basis of consolidation

The consolidated financial statements include the accounts of the Company, entities controlled by the Company (its subsidiaries) and joint arrangements on the basis set out in sections below.

(i) Subsidiaries

As at 31 December 2016, the consolidated financial statements includes the financial results of the Company and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

The financial statements of the Company and its subsidiaries used in the consolidated historical financial information have the same financial year ended 31 December 2015 except for subsidiaries VCP which has a financial year ended 30 November 2015. It is not practicable for VCP to prepare a separate set of financial statements for the consolidation, the financial statements of VCP for the period ended 30 November 2015 have been included in the consolidated financial statements after adjusting for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

The financial statements of the Company and its subsidiaries used in the consolidated financial statements have the same financial year ended 31 December 2016 except for subsidiaries Ravenna, Catania and Cagliari, which have financial statements consolidated as of 30 September 2016. It is not practicable for Ravenna, Catania and Cagliari to prepare separate set of financial statements for the consolidation, the financial statements of Ravenna, Catania and Cagliari for the period ended 30 September 2016 have been included in the consolidated financial statements after adjusting for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

Control is achieved when the Company:

- has the power over the investee
- is exposure, or has rights, to variable return from its involvement in the investee; and
- has the ability to use its power over the investee to affect its returns.

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

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 is prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(i) Subsidiaries (continued)

As at 31 December 2016 and 2015, 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>	
	2016	2015	2016	2015
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 Adria	63.79	63.79	63.79	63.79
Malaga Port	49.60	49.60	80.00	80.00
Creuers	62.00	62.00	62.00	62.00
BPI	62.00	62.00	62.00	62.00
Global Depolama	100.00	100.00	100.00	100.00
Global BV	100.00	100.00	100.00	100.00
VCP	55.60	55.60	55.60	55.60
Ravenna	53.67	--	53.67	--
Cagliari	70.89	--	70.89	--
Catania	62.21	--	62.21	--
RCI Cyprus (*)	95.00	--	95.00	--

(*) As explained in Note 1, RCI Cyprus did not include within the consolidation in the accompanying consolidated financial statements.

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. 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. Associates 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 equity accounted investees are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

On acquisition of the investment in equity-accounted investees, any excess of the cost of the investment over the Group's share of the next fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any 'negative goodwill' is excluded from the carrying amount of the investment and is instead included as income in the investor's share of profit or loss in the associate in the period of acquisition.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(ii) Interest in equity accounted investees (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2016 and 2015 for the equity accounted investees:

	<u>Effective ownership rates</u>		<u>Voting power held</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>
Port of Lisbon	46.2	46.2	50	50
Singapore Port	24.8	24.8	40	40
Venezia Investimenti	25.0	--	25	--
La Spezia	28.5	--	30	--

(iii) Non-controlling interests

The Group treats 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.

(iv) Transactions eliminated on consolidation

Subsidiaries are consolidated by using the full consolidation method. Therefore, the carrying value of subsidiaries is eliminated against the related 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.

(v) Business combinations

The acquisition of subsidiaries and businesses 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. Any costs directly attributable to the business combination are recognized in the profit or loss as incurred. 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 a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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 excess is recognized immediately in profit or loss as a bargain purchase gain.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(v) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognized as part of share premium. Any cash paid for the acquisition is recognized directly in equity.

(g) Going concern

The directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(h) 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. Non-monetary assets and liabilities denominated in foreign currencies retranslated to functional currency at historical costs. 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 USD as the presentation currency.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(h) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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 2016 and 2015, foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2016	2015
TL/USD	0.2842	0.3439
Euro/USD	1.0542	1.0929

For the year ended 31 December 2015 and 2016, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2016	2015
TL/USD	0.3310	0.3676
Euro/USD	1.1055	1.1097

(ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(h) Foreign currency *(continued)*

(ii) Foreign operations *(continued)*

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 other comprehensive income and accumulated under translation reserve.

(i) 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 classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(i) 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) *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.

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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(i) Financial instruments *(continued)*

(iv) Derivative financial instruments *(continued)*

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.

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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(i) Financial instruments (continued)

(iv) Derivative financial instruments (continued)

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 is excluded from equity and classified to profit or loss as reclassification adjustment when there is a disposal of related subsidiary or disposal period.

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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.

(iii) Depreciation

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	4-50
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 reporting date and adjusted if appropriate.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(j) Property and equipment (continued)

(iv) De-recognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(k) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, contract-based customer relationships and software. Intangible assets is stated at cost, less accumulated amortization and accumulated impairment losses.

(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.

(iii) Intangible assets recognized in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). The Group's intangible assets recognized in a business combination comprise the port operation rights and the customer relationships. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(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 finite 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	12-50
Customer relationships	12
Software	5

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(k) Intangible assets *(continued)*

(vi) *Derecognition*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(l) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

(m) 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 Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. 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 consolidated statement of financial position.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (*continued*)

(m) Leased assets (*continued*)

(iii) Lease payments

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

(n) 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.

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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(n) Impairment *(continued)*

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

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.

(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.

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.

(o) Employee benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised) *Employee Benefits* ("IAS 19"). The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 25.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(p) Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(q) 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. Revenue stated net of taxes and measured at the fair value of the consideration received or receivable.

(i) Container cargo revenue

Container cargo revenues comprise of services provided for container cargo handling including sea and land services, recognized on completion of service provided.

(ii) Port service revenue

Port service revenues comprise of services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.) recognized on completion of service provided.

(iii) Cargo revenues

Cargo revenues comprise of services provided for general and bulk cargo handling including sea and land services, recognized on completion of service provided.

(iv) Landing fees

Landing fees comprise of services provided to cruise ships including passenger landing, luggage handling, security fees, etc. recognized on on completion of service provided.

(v) Rental income

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

(vi) Rental income from duty free

Rent income from duty free is recognized in profit or loss on a straight line basis over the term of duty-free stores.

(vii) Water sales

Water sales provided to ships recognized on completion of service provided.

(viii) Other revenues

Other revenues are presented in profit or loss on completion of service provided.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (*continued*)

(r) Operating profit

Operating profit is stated after charging restricting costs and after the share of results of associated but before investment income and finance costs.

(s) 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 in the period in which they are incurred using the effective interest method.

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

(t) Income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Spanish tax legislation permits a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a consolidated basis for the tax group of Spanish entities under "Barcelona Port Investments".

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

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

A current tax provision is recognized when the group has a present obligation as a result of a past event; it is probable that the group will be required to settle that obligation.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies *(continued)*

(t) Income tax *(continued)*

(ii) *Deferred tax (continued)*

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

(iii) *Current and deferred tax for the period*

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(u) 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 17).

(v) 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 recognized when the contingency is resolved.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

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 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 chief operating decision maker is chief executive officer, who reviews the internal management reports of each division and subsidiary at least monthly.

The Group's operating segments are Commercial operations which are Ortadoğu Liman and Port of Adria, and Cruise Operations, which composed of Ege Ports, Valletta Cruise Port, BPI, Bodrum Cruise Port, Ortadoğu Liman (Cruise operations) and Port Operation Holding. Bodrum Cruise Port, Cruise Operation of Ortadoğu Liman, Port Operation Holding results, and share of profit of equity accounted investees are presented under other cruise business category. Other operations of the Group, which include Global Liman and Global Depolama, do not generate external revenues and therefore are presented as non-operational & headquarter to reconcile to the consolidated financial statements. Ravenna, Cagliari and Catania (consolidated under Port Operation Holding) were acquired at the end of 2016, therefore they do not generate any revenue for the group in 2016. Valetta Cruise Port was acquired at the end of 2015 and did not generate revenue for the Group in 2015.

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. This measurement basis excludes the effects of non-recurring income / expense from the operating segments such as project expenses. The measure also excludes the effects of non-cash income / expense such as bargain purchase gains and reserves created on provisional accounting. The Group management assesses EBITDA as the most appropriate method for the review of the segment operations. The reconciliation of EBITDA to operating profit is disclosed as follows.

The Group did not have a single customer that accounted for more than 10% of the Group's consolidated net revenues in any of the periods presented.

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

5 Segment reporting (continued)

(ii) Information about reportable segments

As at and for the year ended 31 December 2016, the details of reportable segments comprised the following:

	BPI		Valletta		Ege Ports		Others		Cruise Total		Port Akdeniz		Port of Adria		Total Commercial		Non-operational & HQ		Consolidated	
Segment assets	146,068		101,804	53,066	11,713	312,651	250,527	59,127	309,654	60,895	683,200									
Equity accounted investees	--		--	--	17,168	17,168	--	--	--	--	17,168	--	--	--	--	--	--	--	--	17,168
Segment liabilities	88,696		35,075	12,942	3,193	139,905	50,840	9,630	60,470	277,475	477,849									
Capital expenditures	126		1,960	1,255	4	3,345	1,400	4,009	5,409	261	9,015									
External revenues	27,113		11,838	11,650	3,033	53,635	53,351	7,884	61,235	--	114,869									
EBITDA	18,032		5,859	8,976	4,050	36,917	41,288	2,728	44,016	(5,011)	75,922									
Depreciation and amortization expense	(10,572)		(2,356)	(2,543)	(2,205)	(17,676)	(20,589)	(2,177)	(22,766)	(114)	(40,556)									
Non-recurring income/(expense)	(581)		(469)	(1,053)	(244)	(2,347)	(1,315)	(1,676)	(2,991)	(3,618)	(8,956)									
Non-cash income/(expenses)	(2,467)		(36)	(252)	(56)	(2,811)	(147)	(469)	(616)	(22)	(3,449)									
Operating profit	4,412		2,998	5,128	(674)	11,864	19,237	(1,594)	17,643	(8,765)	20,742									
Share of profit of equity-accounted investees	--		--	--	2,219	2,219	--	--	--	--	2,219									
Interest income	--		195	2,444	16	2,655	981	35	1,016	4,843	8,514									
Interest expense	(2,790)		(538)	(1,524)	(133)	(4,984)	(3,409)	(496)	(3,904)	(22,794)	(31,683)									

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

5 Segment reporting (continued)
(ii) Information about reportable segments

As at and for the year ended 31 December 2015, the details of reportable segments comprised the following:

	BPI	Valetta	Ege Ports	Others	Cruise Total	Port Akdeniz	Port of Adria	Total Commercial	Non-operational & HQ	Consolidated
Segment assets	168,454	96,601	67,623	9,781	342,459	271,900	58,885	330,785	89,962	763,206
Equity accounted investees	--	--	--	6,627	6,627	--	--	--	--	6,627
Segment liabilities	96,756	16,598	13,435	1,542	128,331	51,356	10,405	61,760	301,918	492,009
Capital expenditures	1,126	--	539	107	1,772	4,353	1,763	6,116	19	7,907
	BPI	Valetta	Ege Ports	Others	Cruise Total	Port Akdeniz	Port of Adria	Total Commercial	Non-operational & HQ	Consolidated
External revenues	24,691	--	17,347	4,990	47,028	49,925	8,528	58,453	--	105,481
EBITDA	16,187	--	14,189	4,051	34,427	37,459	2,246	39,705	(2,912)	71,220
Depreciation and amortization expense	(10,574)	--	(2,306)	(2,757)	(15,637)	(20,418)	(2,090)	(22,508)	(39)	(38,184)
Non-recurring income/(expense)	(602)	--	(371)	(123)	(1,096)	(1,002)	(2,190)	(3,192)	(5,930)	(10,218)
Non-cash income/(expenses)	(2,228)	--	49	5	(2,174)	(285)	(213)	(498)	5,053	2,381
Operating profit	2,783	--	11,561	506	14,850	15,754	(2,248)	13,506	(3,828)	24,528
Share of profit of equity-accounted investees	--	--	--	671	671	--	--	--	--	671
Interest income	35	--	2,022	41	2,098	962	33	995	6,984	10,077
Interest expense	(3,296)	--	(1,446)	(331)	(5,073)	(3,970)	(373)	(4,343)	(20,080)	(29,496)

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

5 Segment reporting (continued)

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

	<i>Note</i>	Year ended 31 December 2016	Year ended 31 December 2015
Revenues			
Total revenue for reportable segments	7	114,869	105,481
Total external revenues		114,869	105,481
Consolidated EBITDA		75,922	71,220
Non-recurring income / (expense)		(8,956)	(10,218)
Non-cash income / (expense)		(3,449)	2,381
Finance income	11	15,857	32,813
Finance costs	11	(33,618)	(44,078)
Depreciation and amortization	12-13	(40,556)	(38,184)
Total Profit before income tax		5,200	13,934
Interest income			
Total interest income for reportable segments		8,514	10,077
Elimination of inter-segments		(5,095)	(5,394)
Total interest income	11	3,419	4,683
Interest expense			
Total interest expense for reportable segments		(31,683)	(29,496)
Elimination of inter-segments		5,095	5,394
Total interest expense	11	(26,588)	(24,101)

(iv) Geographic information

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

	Year ended 31 December 2016	Year ended 31 December 2015
Turkey	68,034	72,262
All foreign countries	46,835	33,219
Montenegro	7,884	8,528
Malta	11,838	--
Spain	27,113	24,691
	114,869	105,481

Non-current assets

	As at 31 December 2016	As at 31 December 2015
Turkey	283,046	284,184
All foreign countries	305,405	334,210
Spain	138,415	153,595
Malta	90,519	117,679
Montenegro	56,094	56,309
Italy	12,000	--
Singapore (equity-accounted investee)	1,586	1,004
Portugal (equity-accounted investee)	6,791	5,623
	588,451	618,394

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

6 Acquisition of subsidiary

(i) Acquisition of Valetta Cruise Port

As of 30 November 2015, the Group has purchased 55.60% shares of Valetta Cruise Port in Malta and as it was not practicable for VCP to prepare a separate set of financial statements for the consolidation as at 31 December 2015, the financial statements of VCP for the period ended 30 November 2015 has been included in the consolidated financial statements as explained in Note 3. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been USD 10,241 thousand, and consolidated profit for the year would have been USD 1,592 thousand more. 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 2015.

a) Consideration transferred

The total acquisition cost amounting to USD 26,863 thousand was totally paid in 2015.

b) Acquisition-related costs

The Group incurred acquisition-related costs of USD 93 thousand on legal fees and due diligence costs. These costs have been included in "other expenses" as project expenses.

c) Identifiable assets acquired and liabilities assumed

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

<i>In USD 000's as at 30 November 2015 (acquisition date)</i>	<i>Note</i>	
Property and equipment	12	29,083
Port operation rights	13	62,745
Other investments		95
Other assets		417
Trade and other receivables		1,444
Cash and cash equivalents		1,818
Loans and borrowings		(12,030)
Other financial liabilities		(2,417)
Trade and other payables		(1,428)
Corporate taxes payable		(216)
Deferred income		(507)
Deferred tax liabilities		(21,354)
Total identifiable net assets acquired		57,650

The gross contractual amount of receivables of Valletta as of 30 November 2015 is \$ 2,025 thousand and the estimated contractual cash flows not expected to be collected is \$581 thousand.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

6 Acquisition of subsidiary (continued)

(i) Acquisition of Valetta Cruise Port (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 Valetta is assessed to be equal to the carrying value and the fair value of the property and equipment is determined by an independent valuer. 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 Valetta after net assets and liabilities mentioned above are excluded.

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

Under the income approach method, the value has been determined by using discounted cash flow method. A rate of 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. Under the market approach method, the value has been determined using the relative valuation approach and comparable share trading transactions which was based upon Price/Sales and Firm Value standard rates of similar companies.

d) Gain on bargain purchase

<i>In USD 000's as at 30 November 2015 (acquisition date)</i>	<i>Note</i>	
Consideration transferred	(a)	26,863
Fair value of identifiable net assets (100%)	(c)	57,650
Fair value of identifiable net assets acquired (55.60%)		(32,053)
Gain on bargain purchase		(5,190)

The acquisition of Valetta Cruise Port's interests contributed a net profit of USD 5,190 thousand which was accounted for as gain on bargain purchase under other income for the year ended 31 December 2015.

Consideration paid:	26,863
Cash associated with acquired assets (-)	1,913
Net cash outflow	24,950

Global Liman as sole consolidator of cruise ports made close relationships with other cruise firms. The realized and expected growth in the operations due to the locations of other ports with Malta 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 Valetta Cruise Port.

(ii) Acquisition of Ravenna, Cagliari and Catania Cruise Ports

As of 31 December 2016, the Group has purchased 67.55% shares of Cagliari Passenger Terminal, 59.05% shares of Catania Passenger Terminal and 51% shares of Ravenna Passenger Terminal in Italy and the financial statements of all three companies for the year ended 31 December 2016 has been included in the consolidated financial statements.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

6 Acquisition of subsidiary (continued)

(ii) Acquisition of Ravenna, Cagliari and Catania Cruise Ports (continued)

a) Consideration transferred

The total acquisition cost amounting to USD 2,411 was totally paid in 2016. If the acquisitions had occurred on 1 January 2016, management estimates that consolidated revenue would have increased by USD 1,613 thousand and consolidated profit for the year would have decreased by USD 118 thousand.

b) Acquisition-related costs

The Group incurred acquisition-related costs of USD 160 thousand on legal fees and due diligence costs. These costs have been included in "other expenses" as project expenses.

c) Identifiable assets acquired and liabilities assumed

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

<i>In USD 000's as at 31 December 2016</i>	<i>Note</i>	
Property and equipment	12	939
Intangible assets	13	137
Other assets		235
Trade and other receivables		595
Cash and cash equivalents		230
Loans and borrowings		(604)
Trade and other payables		(1,031)
Employee termination indemnity		(14)
Total identifiable net assets acquired		487

The gross contractual amount of receivables of Ravenna, Cagliari, and Catania as of 31 December 2016 is \$595 thousand and there are no contractual cash flows which are not expected to be collected.

Consideration paid:	2,411
Cash associated with acquired assets (-)	230
Net cash outflow	2,181

Global Liman as sole consolidator of cruise ports made close relationships with other cruise firms. Management expects a significant growth in the operations due to the locations of other ports with Ravenna, Cagliari and Catania ensure a strong network in the Mediterranean Sea that would contribute to the value of the operations.

Measurement of fair values

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

<i>In USD 000's as at 31 December 2016 (acquisition date)</i>	<i>Note</i>	
Consideration transferred	(a)	2,411
Fair value of identifiable net assets acquired (100%)	(c)	(487)
Minority interest		185
Goodwill	14	2,110

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

7 Revenue and cost of sales

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

	<u>2016</u>	<u>2015</u>
Container revenue	39,529	37,967
Landing fees	31,148	27,334
Port service revenue	14,458	19,637
Rental income	13,544	6,455
Cargo revenue	13,452	10,790
Income from duty free	1,068	1,319
Domestic water sales	973	1,286
Other revenue	697	693
Total	<u>114,869</u>	<u>105,481</u>

Cost of sales

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

	<u>2016</u>	<u>2015</u>
Depreciation and amortization expenses	37,575	36,459
Personnel expenses	13,789	13,414
Shopping mall expenses	3,360	358
Commission fees to government authorities and pilotage expense	3,204	2,370
Subcontractor crane and container service expenses	2,783	2,685
Security expenses	1,866	1,735
Repair and maintenance expense	1,716	1,676
Insurance expenses	1,102	966
Energy usage expenses	786	823
Fuel expenses	642	809
Fresh water expenses	601	752
Container transportation expenses	600	746
Waste removal expenses	215	333
Tugboat rent expenses	200	549
Port rental expenses	154	131
Other expenses	3,490	3,453
Total	<u>72,083</u>	<u>67,259</u>

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

8 Other expense

Other expenses

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

	<u>2016</u>	<u>2015</u>
Project expenses (*)	2,686	6,607
Tax amnesty expenses	1,280	--
Concession fee expense	497	499
Provisions	207	--
Other	837	733
Total	<u>5,507</u>	<u>7,839</u>

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

9 Selling and marketing expenses

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

	<u>2016</u>	<u>2015</u>
Advertising and promotion expenses	562	154
Personnel expenses	180	124
Representation expense	13	28
Travelling expenses	48	7
Other	5	4
Total	<u>808</u>	<u>317</u>

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

10 Administrative expenses

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

	<u>2016</u>	<u>2015</u>
Personnel expenses	5,591	4,877
Depreciation and amortization expenses	2,981	1,725
Consultancy expenses	2,879	1,630
Representation expenses	882	458
Taxes other than on income	732	725
Allowance for doubtful receivables	680	(103)
Travelling expenses	687	296
IT expenses	260	206
Vehicle expenses	154	126
Communication expenses	252	218
Stationary expenses	115	80
Office operating expenses	92	60
Repair and maintenance expenses	50	71
Rent expenses	70	13
Other expenses	779	920
Total	<u><u>16,204</u></u>	<u><u>11,300</u></u>

11 Finance income and costs

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

	<u>2016</u>	<u>2015</u>
Finance income		
Foreign exchange gain	11,934	27,682
Interest income on marketable securities (*)	1,928	2,537
Interest income on related parties	891	1,864
Interest income on banks and others	568	249
Gain on sale of marketable securities	408	110
Interest income from housing loans	32	33
Premium income on option contracts	--	338
Others	96	--
Total	<u><u>15,857</u></u>	<u><u>32,813</u></u>

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

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

	<u>2016</u>	<u>2015</u>
Finance costs		
Interest expense on loans and borrowings	26,153	23,742
Foreign exchange losses	6,382	18,820
Other interest expenses	435	360
Letter of guarantee commission expenses	14	22
Loan commission expenses	53	--
Loss on sale of marketable securities	3	--
Other	578	1,134
Total	<u><u>33,618</u></u>	<u><u>44,078</u></u>

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

12 Property and equipment

Movements of property and equipment for the year ended 31 December 2016 comprised the following:

Cost	1 January 2016	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2016
Leasehold improvements	99,558	1,346	(15)	182	218	(2,981)	98,308
Machinery and equipment	38,415	2,527	(34)	330	12	(38)	41,212
Motor vehicles	16,496	110	(14)	--	1	256	16,849
Furniture and fixtures	6,294	2,091	(167)	--	15	(846)	7,387
Construction in progress	3,667	2,842	(38)	(1,011)	693	(399)	5,754
Land improvement	8	--	--	--	--	--	8
Total	164,438	8,916	(268)	(499)	939	(4,008)	169,518

Accumulated Depreciation	1 January 2016	Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Leasehold improvements	17,081	4,205	(15)	--	--	(553)	20,718
Machinery and equipment	19,033	3,417	(34)	--	--	(71)	22,345
Motor vehicles	5,865	1,460	(14)	--	--	(133)	7,178
Furniture and fixtures	2,687	1,117	(167)	--	--	(126)	3,511
Land improvement	1	--	--	--	--	--	1
Total	44,667	10,199	(230)	--	--	(883)	53,753
Net book value	119,771					(3,125)	115,765

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

12 Property and equipment (continued)

Movements of property and equipment for the year ended 31 December 2015 comprised the following:

Cost	1 January 2015	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Leasehold improvements	72,635	1,296	--	2,027	27,747	(4,147)	99,558
Machinery and equipment	35,513	2,631	(180)	708	120	(377)	38,415
Motor vehicles	16,473	37	(45)	--	9	22	16,496
Furniture and fixtures	4,766	446	(5)	--	1,207	(120)	6,294
Construction in progress	2,161	3,424	(28)	(2,670)	--	780	3,667
Land improvement	8	--	--	--	--	--	8
Total	131,556	7,834	(258)	65	29,083	(3,842)	164,438

Accumulated Depreciation	1 January 2015	Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Leasehold improvements	13,732	3,473	--	--	--	(124)	17,081
Machinery and equipment	15,545	3,663	(180)	--	--	5	19,033
Motor vehicles	4,485	1,322	(37)	--	--	95	5,865
Furniture and fixtures	2,063	655	(5)	--	--	(26)	2,687
Land improvement	1	--	--	--	--	--	1
Total	35,826	9,114	(221)	--	--	(49)	44,667
Net book value	95,730						119,771

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

12 Property and equipment (continued)

As at 31 December 2016, the net book value of machinery and equipment purchased through leasing amounts to USD 2,438 thousand (2015: USD 2,814 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 9,829 thousand (2015: USD 11,279 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 190 thousand (2015: USD 298 thousand). In 2016, the capital expenditures amounting to USD 620 thousand was through finance leases (2015: USD 578 thousand).

As at 31 December 2016 and 2015, according to the "TOORA" and "BOT" tender agreements signed with related Authorities, 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 2016 and 2015, there is no capitalized borrowing cost on property and equipment.

As at 31 December 2016, the insured amount of property and equipment amounts to USD 202,880 thousand (2015: USD 179,269 thousand).

13 Intangible assets

Movements of intangible assets for the year ended 31 December 2016 comprised the following:

Cost	1 January 2016	Additions	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2016
Port operation rights	581,908	--	--	--	(8,949)	572,959
Customer relationships	3,755	--	--	--	(133)	3,622
Software	381	51	--	136	24	592
Other intangibles	260	47	499	1	(91)	716
Total	586,304	98	499	137	(9,149)	577,889

Accumulated amortization	1 January 2016	Amortization expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Port operation rights	121,281	29,927	--	--	(2,456)	148,752
Customer relationships	2,270	317	--	--	(95)	2,492
Software	324	44	--	--	(21)	347
Other intangibles	152	69	--	--	(4)	217
Total	124,027	30,357	--	--	(2,576)	151,808
Net book value	462,277					426,081

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

13 Intangible assets (continued)

Movements of intangible assets for the year ended 31 December 2015 comprised the following:

Cost	1 January 2015	Additions	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Port operation rights	544,632	--	--	62,745	(25,469)	581,908
Customer relationships	3,755	--	--	--	--	3,755
Software	429	6	--	--	(54)	381
Other intangibles	256	68	(65)	--	1	260
Total	549,072	74	(65)	62,745	(25,522)	586,304

Accumulated amortization	1 January 2015	Amortization expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Port operation rights	94,566	28,667	--	--	(1,952)	121,281
Customer relationships	1,956	314	--	--	--	2,270
Software	326	38	--	--	(40)	324
Other intangibles	106	51	--	--	(5)	152
Total	96,954	29,070	--	--	(1,997)	124,027
Net book value	452,118					462,277

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

The details of Port operation rights for the years ended 31 December 2016 and 2015 are as follows;

	31.12.2016		31.12.2015	
	Carrying Amount	Remaining Amortization Period	Carrying Amount	Remaining Amortization Period
Barcelona Ports Investment	134,460	162 months	149,434	174 months
Valletta Cruise Port	61,409	599 months	63,138	611 months
Port of Adria	20,786	324 months	22,347	336 months
Port Akdeniz	194,067	140 months	210,701	152 months
Ege Ports	12,646	195 months	13,905	207 months
Bodrum Cruise Port	839	27 months	1,102	39 months

14 Goodwill

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

1 January 2015	12,860
31 December 2015	12,860
Addition "note 6 (ii)"	2,110
Balance as at 31 December 2016	14,970

As at 31 December 2016 and 2015, the Group recognized goodwill related to the acquisition of Ege Liman, which has a functional currency of USD in 2015, and Euro in 2016, in its consolidated financial statements. In addition to that, as of 31 December 2016, the Group recognized provisional goodwill related to the acquisition of three Italian Ports, namely Ravenna, Cagliari and Catania (see note 6(ii)).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

14 Goodwill (continued)

As at 31 December 2015 and 2016, 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. A discount rate of 11% (2015: 11%) was used for discounting future cash flows to reporting date. The EBITDA growth rate was assumed at 9.7% (2015: 15.3%).

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

15 Equity-accounted investees

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
Venezia Investimenti Srl. ("Venice Investment") (***)	Italy	Port investments
La Spezia Cruise Facility Srl. ("La Spezia") (****)	Italy	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 2016. Port of Lisbon has been recognized as an equity-accounted investee in the consolidated financial statements as at and for the year ended 31 December 2016.

(**) 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"). 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 as an 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 2016.

(***) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company.

(****) Global Ports Holding (GPH) purchased minority interest through POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

15 Equity-accounted investees (continued)

At 31 December 2016, Venezia Investimenti, Port of Lisbon, Singapore Port and La Spezia are equity accounted investees in which the Group participates. The following table summarizes the financial information of Venezia Investimenti, La Spezia, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2016. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon, Singapore Port, Venezia Investimenti, La Spezia.

	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	--	33,463	9,605	2,972
Current assets	123	1,708	6,279	7,428
Non-current liabilities	--	--	--	(2,314)
Current liabilities	--	(154)	(2,302)	(4,121)
Net assets (100%)	123	35,017	13,582	3,966
Group's share of net assets	37	8,754	6,791	1,586
Carrying amount of interest in equity accounted investees	37	8,754	6,791	1,586
Revenue	--	2,798	5,201	10,351
Expenses	--	(236)	(3,267)	(8,822)
Profit / (loss) and total comprehensive income for the year (100%)	--	2,562	1,934	1,529
Group's share of profit and total comprehensive income	--	640	967	612

As of 31 December 2016, Singapore Port has non-current financial liabilities of USD 2,314 thousand, Port of Lisbon has cash and cash equivalents of USD 4,685 thousand and Venezia Investimenti has cash and cash equivalents of USD 987 thousand.

For the year ended 31 December 2016, the Group's share of profit and total comprehensive income is set out below:

	Net profit / (loss)
Venezia Investimenti	640
Port of Lisbon	967
Singapore Port	612
Group's share of profit and total comprehensive income	2,219

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 2015. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

	Port of Lisbon	Singapore Port
Percentage ownership interest	50%	40%
Non-current assets	2,346	3,830
Current assets	10,833	3,814
Non-current liabilities	--	(2,898)
Current liabilities	(1,934)	(2,236)
Net assets (100%)	11,245	2,511
Group's share of net assets	5,623	1,004
Carrying amount of interest in equity accounted investees	5,623	1,004
Revenue	3,131	8,285
Expenses	(2,208)	(7,762)
Profit / (loss) and total comprehensive income for the year (100%)	924	523
Group's share of profit and total comprehensive income	462	209

As of 31 December 2015, Singapore Port has non-current financial liabilities of USD 2,898 thousand and Port of Lisbon has cash and cash equivalents of USD 9,881 thousand.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

15 Equity-accounted investees (continued)

For the year ended 31 December 2015, the Group's share of profit and total comprehensive income is set out below:

	Net profit / (loss)
Port of Lisbon	462
Singapore Port	209
Group's share of profit and total comprehensive income	671

16 Other investments

Financial assets available for sale

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

	2016	2015
Global Yatırım Holding bonds (*)	14,412	14,334
Time deposits with the maturity more than 3 months	190	151
Other bonds	--	140
Other financial assets	--	2,282
Total	14,602	16,907

(*) The Group has purchased Global Yatırım Holding (the parent company)'s bonds. The bonds' maturity is 30 June 2017 with an annual nominal interest rate of 11% and nominal amounts of USD 13,944 (31 December 2015: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 14,240 thousand).

17 Taxation

Corporate tax

Corporate income tax in Turkey 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 2016 is 20% (2015: 20%).

The corporate tax rate in Spain for the 2016 year is determined at 25% (2015: 28%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

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, except BPI, which has the necessary permit and files consolidated income tax of Spanish Companies, Creuers, Cruceros and BPI.

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 2015, 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 in Turkey 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 2016 (31 December 2015: 15%).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

17 Taxation (continued)

Corporate tax (continued)

There is no any tax position in relation to unremitted earnings, any tax changes which could affect the group's tax position and any uncertain tax position.

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Turkish 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.

Tax expense

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

	<u>2016</u>	<u>2015</u>
Current tax charge	(5,500)	(6,692)
Deferred tax benefit	4,575	9,218
Total	<u>(925)</u>	<u>2,526</u>

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

	<u>2016</u>	<u>2015</u>
Current tax liability at 1 January	1,900	2,026
Current tax charge	5,500	6,692
Business combination effect (Note 6 i.c)	--	216
Currency translation difference	(1,108)	(842)
Taxes paid during year	(4,478)	(6,192)
Total	<u>1,814</u>	<u>1,900</u>

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

17 Taxation (continued)

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

	%	2016	%	2015
Profit before income tax		5,200		13,934
Tax using the Company's domestic tax rate	20	(1,040)	20	(2,787)
Effect of tax rates in foreign jurisdictions	(22)	1,150	(7)	(988)
Effect of permanent differences in foreign acquisitions		--	5	645
Tax effect of:				
tax-exempt income	(35)	1,824	(12)	1,828
unrecognized tax losses	41	(2,141)	5	(702)
permanent differences	52	(2,712)	24	(3,508)
non-taxable income	50	(2,589)	17	(290)
change in tax rate	--	--	(38)	5,614
Disallowable expenses	3	(179)	0	(21)
Tax return filed based on Creuers acquisition	(59)	3,091	--	--
Deferred tax arising from business combination	--	--	(8)	1,218
Donations	(22)	1,167	--	--
Other	(10)	504	(11)	1,517
		(925)	(17)	2,526

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

17

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 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.

Deferred tax assets and deferred tax liabilities as at 31 December 2016 and 2015 are attributable to the items detailed in the table below:

	Property and equipment	Tax losses carried forward	Provision for employment termination indemnity and vacation pay	Available for sale financial assets	Intangible assets	Other	Total
At 1 January 2015	2,061	1,609	206	--	(96,204)	(649)	(92,977)
Charge/(credit) to profit or loss	221	68	204	(1,115)	5,760	(1,533)	3,605
Acquisition of subsidiary	466	--	--	--	(21,960)	140	(21,354)
Exchange differences	(432)	(330)	(55)	72	5,260	230	4,745
Effect of change in tax rate: -income statement	--	--	--	--	5,614	--	5,614
-equity	--	--	--	--	--	--	--
At 31 December 2015	2,316	1,347	355	(1,043)	(101,530)	(1,812)	(100,365)
Charge/(credit) to profit or loss	(202)	510	(131)	6	5,211	(819)	4,575
Exchange differences	(374)	(306)	(43)	180	1,778	431	1,666
Effect of change in tax rate: -income statement	--	--	--	--	--	--	--
-equity	--	--	--	--	--	--	--
At 31 December 2016	1,740	1,551	181	(857)	(94,541)	(2,200)	(94,126)

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

17 Taxation (continued)

Deferred tax (continued)

As at 31 December 2015 and 2016, 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	2016		2015	
	Recognized	Unrecognized	Recognized	Unrecognized
2016	--	--	4,596	6,755
2017	--	3,049	--	2,900
2018	--	902	--	858
2019	--	6,655	1,306	6,331
2020	2,601	3,235	1,298	3,339
2021	6,435	2,672	--	--
	9,036	16,513	7,200	20,183

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 carried forward tax losses expire until 2021. Deferred tax assets have not been recognized in respect of some portion of these items since 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

	2016			2015		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurements of defined benefit liability	50	(10)	40	34	(7)	27
Foreign operations - foreign currency translation differences	25,655	--	25,655	13,078	--	13,078
Net investment hedge	(59,569)	11,916	(47,653)	(64,629)	12,926	(51,703)
Cash flow hedges	(247)	60	(187)	93	(24)	71
Total	(34,111)	11,966	(22,145)	(51,424)	12,895	(38,529)

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

18 Trade and other receivables

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

	<u>2016</u>	<u>2015</u>
Trade receivables	10,121	10,345
Deposits and advances given	12	14
Other receivables	1,789	442
Total trade and other receivables	<u>11,922</u>	<u>10,801</u>

As at 31 December, trade receivables comprised the following:

	<u>2016</u>	<u>2015</u>
Receivables from customers	10,121	10,345
Doubtful receivables	1,213	508
Allowance for doubtful receivables (-)	(1,213)	(508)
Total	<u>10,121</u>	<u>10,345</u>

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

	<u>2016</u>	<u>2015</u>
Balance at the beginning of the year	(508)	(850)
Allowance for the year	(733)	(190)
Collections	3	292
Translation difference	(28)	103
Written off during the year	53	137
Balance at the end of the year	<u>(1,213)</u>	<u>(508)</u>

As at 31 December 2016 and 2015, 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.

19 Other assets

Other non-current assets

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

	<u>2016</u>	<u>2015</u>
Advances given (**)	5,770	2,418
Prepaid expenses	2,753	5,796
Housing loans given to employees (*)	2,854	3,089
Deposits and guarantees given	35	14
Other	--	1,730
Total	<u>11,412</u>	<u>13,047</u>

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

(**) 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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

19 Other assets (continued)

Other current assets

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

	<u>2016</u>	<u>2015</u>
Prepaid expenses	3,419	3,056
Advances given	1,567	2,886
Income tax receivable	1,505	--
Value added tax receivable	430	1,184
Other	847	882
Total	<u>7,768</u>	<u>8,008</u>

20 Cash and cash equivalents

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

	<u>2016</u>	<u>2015</u>
Cash on hand	69	97
Cash at banks	44,241	77,326
- Demand deposits	13,820	43,999
- Time deposits	30,308	31,276
- Overnight deposits	113	2,051
Cash and cash equivalents	<u>44,310</u>	<u>77,423</u>

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents at balance sheet	44,310	77,423
Less: Restricted cash	(5,954)	(4,379)
Cash and cash equivalents for cash flow statement purposes	<u>38,356</u>	<u>73,044</u>

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

	<u>2016</u>	<u>2015</u>
Up to 1 month	30,216	31,276
1-3 months	92	--
Total	<u>30,308</u>	<u>31,276</u>

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

	<u>2016</u>	<u>2015</u>
Interest rate for time deposit-TL (highest)	6.75%	13.00%
Interest rate for time deposit-TL (lowest)	6.75%	13.00%
Interest rate for time deposit-USD (highest)	0.35%	0.25%
Interest rate for time deposit-USD (lowest)	0.35%	0.25%
Interest rate for time deposit-EUR (highest)	0.75%	0.10%
Interest rate for time deposit-EUR (lowest)	0.75%	0.10%

As at 31 December 2016, cash at banks amounting to USD 5,954 thousand (31 December 2015: USD 4,379 thousand) 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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

21 Capital and reserves

a) Share capital

On 12 November 2015, the Company issued 8,054,299 new shares with a 1 TL par value which was purchased by EBRD for a consideration of USD 57,325 thousand (TL 165,727 thousand). The difference between the consideration received and the value of shares amounting to USD 54,539 thousand is recorded as premium on issued shares. As at 31 December 2016, the Company's statutory nominal value of authorized and paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each.

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

	<u>As at 31 December 2016</u>		<u>As at 31 December 2015</u>	
	<u>Value of Share</u>	<u>Proportion of share %</u>	<u>Value of Share</u>	<u>Proportion of share %</u>
Global Yatırım Holding A.Ş.	31,042	89.16	31,042	89.16
European Bank of Reconstruction and Development	2,786	10.84	2,786	10.84
Paid in capital (nominal)	33,828	100.00	33,828	100.00
Inflation accounting adjustment	8		8	
Inflation adjusted capital	33,836		33,836	

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 120,219 thousand (2015: USD 91,970 thousand) 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 TL) to the presentation currency, USD.

(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 free reserves are unavailable. As at 31 December 2016, the legal reserves of the Group amounted to USD 12,424 thousand (2015: USD 9,917 thousand).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

21 Capital and reserves (continued)

b) Nature and purpose of reserves (continued)

(iii) Hedging reserves

Investment hedge

The Company has used its Eurobond financing as a non-derivative financial item to hedge the net investments of Ege Ports, Port Akdeniz and Bodrum Cruise Port. As of 31 December 2016, the net asset values of Ege Ports, Port Akdeniz and Bodrum Cruise Port amounts to USD 40,467 thousand, USD 4,110 thousand and USD 190,833 thousand, respectively, and the fair value of Eurobond amounts to USD 252,600 thousand. (As of 31 December 2015, the net asset values of Ege Ports, Port Akdeniz and Bodrum Cruise Port amounts to USD 39,560 thousand, USD 4,884 thousand and USD 194,443 thousand, respectively, and the fair value of Eurobond amounts to USD 252,558 thousand). The ineffective portion of the investment hedge is USD 887 thousand as of 31 December 2016 (2015: USD 1,407 thousand).

As at 31 December 2016, the effective portion of gain or loss arising from investment hedging instrument is recognized in other comprehensive income, net of tax amounting to USD 47,656 thousand (year ended 31 December 2015: USD 51,703 thousand).

Cash flow hedge

The Group entered into interest rate swap in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of this instrument amounting to USD 167 thousand (31 December 2015: USD 70 thousand) is recognized directly in equity at cash flow hedge reserve.

Forecast principal balances on which interest cash flows are expected to arise are as follows;

	3 months or less	More than 3 months but less than 1 year	5 years or less but more than 1 year	More than 5 years
Net cash inflows/(outflows) exposure				
Liabilities	--	285	753	94
At 31 December 2016	--	285	753	94
Net cash inflows/(outflows) exposure				
Liabilities	--	269	740	169
At 31 December 2015	--	269	740	169

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 2016, General Assembly of GPH decided to distribute USD 36,429 thousand, USD 1,821 thousand of this amount was transferred to the legal reserves, USD 34,608 thousand was distributed to its shareholders. Total amount declared in 2016 distribution is paid in cash. Other dividend distributions were made by Valletta Cruise Port to other shareholders, on which they have non-controlling interest, amounting to USD 819 thousand and made by BPI to RCCL, on which it has a non-controlling interest, amounting to USD 2,191 thousand (In 2015, General Assembly of GPH decided to distribute USD 21,053 thousand, USD 1,053 thousand of this amount was transferred to the legal reserves, USD 20,000 thousand was distributed to its shareholders. Another dividend distribution was made by Ege Liman to RCCL, on which it has a non-controlling interest, amounting USD 2,694 thousand and by Cruceros Malaga to Malaga Port Authority, on which it has a non-controlling interest, amounting to USD 562 thousand).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

21 Capital and reserves (continued)

d) OCI accumulated in reserves, net of tax

	Attributable to owners of the Company			Total	NCI	Total OCI
	Translation reserve	Hedging reserve	Retained earnings			
2016						
Net investment and cash flow hedge	--	(47,840)	--	(47,840)	--	(47,840)
Foreign currency translation differences	28,249	--	--	28,249	(2,594)	25,655
Remeasurements of defined benefit liability	--	--	40	40	--	40
Total	28,249	(47,840)	40	(19,551)	(2,594)	(22,145)

	Attributable to owners of the Company			Total	NCI	Total OCI
	Translation reserve	Hedging reserve	Retained earnings			
2015						
Net investment and cash flow hedge	--	(51,633)	--	(51,633)	--	(51,633)
Foreign currency translation differences	19,063	--	--	19,063	(5,985)	13,078
Remeasurements of defined benefit liability	--	--	27	27	--	27
Total	19,063	(51,633)	27	(32,543)	(5,985)	(38,528)

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000'))

22 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2016;

NCI Percentage	Ege Ports		Bodrum Cruise Port		Port of Adria		BPI	Crueros	Valletta	Ravenna	Cagliari	Catania
	27.5%	40.0%	6,007	55,919	36.2%	38.0%						
Non-current assets	31,159	6,007	55,919	128,747	13,883	91,115	85	762	252			
Current assets	23,855	2,440	3,208	13,967	2,929	2,042	288	391	358			
Non-current liabilities	(6,287)	(877)	(5,849)	(72,844)	(7,626)	(31,530)	(10)	(4)	--			
Current liabilities	(9,423)	(666)	(16,069)	(6,936)	(1,320)	(4,240)	(128)	(933)	(574)			
Net assets	39,304	6,904	37,209	62,934	7,866	57,387	235	216	35			
Net assets attributable to NCI	10,809	2,762	13,473	23,915	3,965	25,480	109	63	13			
Revenue	11,650	2,168	7,884	24,237	2,876	12,418	--	--	--			
Profit / (loss)	3,865	(1,003)	(2,390)	4,296	(340)	1,733	--	--	--			
OCI	(1,400)	(242)	(1,338)	(3,329)	(285)	(494)	--	--	--			
Total comprehensive income / (loss)	2,465	(1,245)	(3,728)	967	(625)	1,239	--	--	--			
Profit / (loss) allocated to NCI	1,063	(401)	(866)	1,633	(171)	809	--	--	--			
OCI allocated to NCI	(385)	(97)	(484)	(1,265)	(143)	(220)	--	--	--			

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

22 Non-controlling interests (continued)

The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2015;

NCI Percentage	Ege Ports	Bodrum		Port of		Cruceros	Valletta
		Cruise Port	Adria	BPI	Cruceros		
	27.5%	40.0%	36.2%	38.0%	50.4%	44.4%	
Non-current assets	34,077	8,250	56,309	143,791	14,710	92,827	
Current assets	29,901	1,704	2,576	11,594	3,193	3,774	
Non-current liabilities	(6,579)	(1,054)	(7,255)	(80,220)	(8,196)	(34,287)	
Current liabilities	(20,560)	(751)	(10,693)	(7,431)	(1,217)	(4,409)	
Net assets	36,839	8,149	40,937	67,733	8,491	57,904	
Net assets attributable to NCI	10,131	3,260	14,823	25,739	4,279	25,709	
Revenue	17,347	2,840	8,528	22,383	2,308	--	
Profit / (loss)	7,711	(649)	(3,414)	6,151	(1,308)	--	
OCI	198	157	(4,956)	(7,642)	(3,011)	256	
Total comprehensive income/ (loss)	7,909	(492)	(8,369)	(1,490)	(4,320)	256	
Profit / (loss) allocated to NCI	2,121	(260)	(1,236)	2,337	(659)	--	
OCI allocated to NCI	54	63	(1,795)	(2,904)	(1,518)	114	

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

23 Loans and borrowings

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

Short term loans and borrowings	2016	2015
Short term portion of Eurobond issued	19,339	19,336
Short term bank loans	9,068	3,195
- TL Loans	1,397	102
- Foreign currency loans	7,671	3,093
Short term portion of long term bank loans	13,711	12,662
- TL Loans	--	--
- Foreign currency loans	13,711	12,662
Finance lease obligations	1,541	1,428
Total	43,659	36,621

Long term loans and borrowings	2016	2015
Long term portion of Eurobonds issued	233,259	233,224
Long term bank loans	62,846	77,438
- TL Loans	--	--
- Foreign currency loans	62,846	77,438
Finance lease obligations	2,915	3,866
Total	299,020	314,528

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

Year	2016	2015
Between 1-2 years	30,338	31,069
Between 2-3 years	29,497	29,464
Between 3-4 years	27,310	28,304
Over 5 years	208,960	221,825
Total	296,105	310,662

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

	2016			2015		
	<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	1,677	136	1,541	1,603	175	1,428
Between one and five years	3,312	397	2,915	4,608	743	3,866
Total	4,989	533	4,456	6,211	918	5,294

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

23

Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2016 are as follows:

		As at 31 December 2016					
Loans and borrowings type	Company name	Currency	Maturity	Interest type	Interest rate %	Principal	Carrying value
Loans used to finance investments and projects							
Unsecured Eurobonds (i)	Global Liman	USD	2021	Fixed	8.13	250,000	252,600
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	37,603	36,644
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1,75	6,376	6,307
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	9,389	9,614
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	20,609	20,546
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.75	604	604
Secured Loan	Ortadoğu Liman	USD	2016	Fixed	4.40	125	125
Secured Loan	Port of Adria	EUR	2017	Fixed	5.00	796	796
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	135	135
						325,637	327,371
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	2,000	2,000
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	200	200
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	875	875
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.95	900	900
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	55	55
Unsecured Loan	Ortadoğu Liman	USD	2017	Fixed	4.95	3,100	3,100
Unsecured Loan	Ortadoğu Liman	TL	2017	Fixed	13.00	375	377
Unsecured Loan	Bodrum Liman	TL	2017	Fixed	15.60	509	509
Unsecured Loan	Global Liman	TL	2017	Fixed	13.00	256	256
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,529	2,474
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	107	106
						10,906	10,852
Finance lease obligations							
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7.35	1,150	1,150
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	231	231
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35	108	108
Leasing	Ortadoğu Liman	USD	2017	Fixed	7.35	96	96
Leasing	Ortadoğu Liman	USD	2019	Fixed	5.75	40	40
Leasing (vi)	Ortadoğu Liman	USD	2019	Fixed	7.35	19	19
Leasing	Ege Liman	EUR	2020	Fixed	7.75	2,236	2,236
Leasing	Ege Liman	USD	2020	Fixed	5.50	480	480
Leasing	Ege Liman	USD	2017	Fixed	6.50	26	26
Leasing	Ege Liman	USD	2018	Fixed	6.00	46	46
Leasing	Ege Liman	USD	2017	Fixed	5.75	10	10
Leasing	Ege Liman	USD	2017	Fixed	6.00	14	14
						4,456	4,456
						340,999	342,679

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

23

Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2015 are as follows:

							As at 31 December 2015		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	Interest rate %	Principal	Carrying value		
Loans used to finance investments and projects									
Unsecured Eurobonds (i)	Global Liman	USD	2021	Fixed	8.13	250,000	252,558		
Unsecured Loan	Bodrum Liman	USD	2016	Fixed	7.75	153	156		
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	44,709	43,447		
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	7,281	7,245		
Secured Loan (iv)	Valetta Cruise Port	EUR	2026	Floating	Euribor + 4.00	11,673	12,031		
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	24,043	24,158		
Secured Loan	Port of Adria	EUR	2016	Floating	Euribor + 6.20	688	688		
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	296	295		
						338,843	340,578		
Loans used to finance working capital									
Unsecured Loan	Global Liman	TL	2016	Fixed	11.70	102	102		
Unsecured Loan	Ege Liman	USD	2016	Fixed	6.25	1,000	955		
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.20	1,300	1,300		
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.75	150	150		
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,621	2,557		
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	213	213		
						5,386	5,277		
Finance lease obligations									
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7.35	1,426	1,426		
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	314	314		
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35	208	208		
Leasing	Ortadoğu Liman	USD	2017	Fixed	7.35	128	128		
Leasing	Ortadoğu Liman	USD	2019	Fixed	5.75	117	117		
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	25	25		
Leasing (vi)	Ege Liman	EUR	2020	Fixed	7.75	2,865	2,865		
Leasing	Ege Liman	USD	2017	Fixed	6.50	74	74		
Leasing	Ege Liman	USD	2018	Fixed	6.00	77	77		
Leasing	Ege Liman	USD	2017	Fixed	5.75	21	21		
Leasing	Ege Liman	USD	2017	Fixed	6.00	39	39		
						5,294	5,294		
						349,523	351,149		

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

23 Loans and borrowings (continued)

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

- (i) The sales process of the Eurobond issuances amounting to USD 250 million with 7 years of maturity, and 8.125% coupon rate based on 8.250% reoffer yield was completed on 14 November 2014. Coupon repayment was made semi-annually. 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. Excluding the consolidated leverage ratio breach, 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 USD 10,000,000;
 - Any additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and Port of Adria Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time 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 Adria Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.
- (ii) On 30 September 2014, BPI and Creuers have entered into a syndicated loan amounting to Euro 60,250 thousand. Tranche A of this loan, amounting to Euro 54,000 thousand, is paid every semester, at the end of June and December, the last payment being in 2023. Tranche B has been already paid for Euro 3,851 thousand as of 10 October 2014. Tranche C amounting to Euro 2,399 thousand has one-off 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, and change in the control of the companies, change of the business, new loans and disposal of assets.
- (iii) 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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

23 Loans and borrowings (continued)

- (iv) VCP bank loans and overdraft facilities bear interest at 3.90% - 4.15% (2015: 3.90% - 4.15%, per annum and are secured by a general hypothec over the company's present and future assets, together with a special hypothec over specific property within the concession site for a period of 65 years commencing on 21 November 2001
- (v) 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.
- (vi) On June 2014, Ege Liman has signed a finance lease agreement for port tugboat with the interest rate of 7.75% with the maturity at 2020.
- (vii) Global Ports Europe BV entered into a loan amounting to EUR 22,000, thousand in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, on May and November of each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principle amount of the loan as at 31 December 2016 is € 19,550 thousand (31 December 2015: €22,000 thousand).

24 Trade and other payables

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

	<u>2016</u>	<u>2015</u>
Payables to suppliers	7,974	6,210
Taxes payable and social security contributions	1,625	2,347
Payables to personnel	1,348	1,111
Expense accruals	1,178	962
Advances received	880	510
Deposits received	351	445
Due to non-controlling interest	187	2,330
Deferred revenue	124	510
Other	796	240
Total	<u>14,463</u>	<u>14,665</u>

The Group's average credit period for trade purchases is 47 days as of 31 December 2016 (31 December 2015: 36). The directors consider that the carrying amount of trade payables approximates to their fair value. The Group's exposure to currency and liquidity risk related to the trade and other payables is disclosed in Note 31.

25 Employee benefits

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of USD 1,121 for each period of service at 31 December 2016 (2015: USD 1,407).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

25 Employee benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2016, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Ceiling amount of USD 1,358 which is in effect since 1 January 2017 is used in the calculation of Groups' provision for retirement pay liability for the year ended 31 December 2016 (1 January 2016: USD 1,408). 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>2016</u>	<u>2015</u>
Discount rate	4.72%	4.23%
Turnover rate for the expectation of retirement probability	90%-100%	90%-100%

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

	<u>2016</u>	<u>2015</u>
1 January	1,464	1,552
Included in profit or loss		
Current service costs and interest	186	299
Provision reversals	(2)	-
Included in OCI		
Actuarial (gain) / losses	(50)	(36)
Other		
Benefits paid	(229)	(184)
Foreign currency translation differences	(82)	(167)
31 December	<u>1,287</u>	<u>1,464</u>

26 Provisions

	As at 31 December 2016	As at 31 December 2015
Non-current		
Replacement provisions for Creuers (*)	13,487	11,612
Restructuring provisions for Port of Adria (**)	1,371	2,566
Total	<u>14,858</u>	<u>14,178</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 Company is providing advance depreciation for any potential capital expenditure until end of the concession term, considering total concession term remaining at the date of any future investment is less than the useful life of fixed assets.

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

26 Provisions (continued)

	As at 31 December 2016	As at 31 December 2015
Current		
Other	1,199	412
Total	1,199	412

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

	2016	2015
Balance at 1 January	14,590	13,946
Provisions made during the year	4,145	2,987
Reversal made during the year	--	(62)
Provisions used during the year	(1,779)	(708)
Currency translation difference	(900)	(1,573)
Balance at 31 December	16,056	14,590
Non-current	14,858	14,178
Current	1,199	412
	16,057	14,590

27 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.

The Group does not present diluted earnings per share ("diluted EPS") data, because there are no convertible securities exercised by the Group. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company less preferred dividend by the weighted average number of ordinary shares outstanding during the period, plus impact of any convertible securities.

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

	2016	2015
Profit attributable to owners of the Company	2,208	14,157
Weighted average number of shares	74,323,982	67,336,588
Basic and diluted earnings per share with par value of TL 1	0,0297	0.2102

28 Commitment and contingencies

(a) Litigations

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 2016 is USD 698 (31 December 2015: USD 65).

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (continued)

(a) Litigations (continued)

Legal proceedings in relation to Ortadoğu Antalya, Ege Liman and Bodrum Liman's applications for extension of their operation rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that had prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya, Ege Ports-Kuşadası and Bodrum Cruise Port for extension of terms up to, in total, 49 years. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions. The lawsuits were rejected by the courts of first instance, except for three lawsuits relating to Bodrum Cruise Port in which the courts of first instance upheld the respective Group company's claims relating to extension. All foregoing court rulings were appealed either by the Group companies or relevant administration. The Council of State reversed the lower courts' judgement with respect to Ege Ports-Kuşadası, but the relevant administration applied to the Council of State for reversal of this judgement and the case is still pending. The appeal relating to Port Akdeniz-Antalya is still pending before the Council of State. The three lawsuits regarding the extension of Bodrum Cruise Port's operating rights are pending before the Council of State and the court of second instance.

Legal challenges against the privatisation tender process of Ege Ports-Kuşadası

There is a finalised legal challenge of the privatisation tender process by which Ege Ports-Kuşadası was awarded to Ege Liman. The challenge sought the return of Ege Ports-Kuşadası to the State, and the challenge was upheld by the court of first instance and the Council of State. The Privatisation Administration has the responsibility to enforce the court decision and return Ege Ports-Kuşadası to the State.

In practice there are many instances in which the Privatisation Administration has ultimately not enforced decisions cancelling tender approvals on the basis of "impossibility of performance". Management is not aware of any instance in which a privatised asset has been returned to the State as a result of such a challenge to the tender process. Furthermore, in 2011 the Council of Ministers decided not to enforce court decisions for the return of privatised assets to the State, including the decision relating to Ege Ports-Kuşadası. Consistent with this historic approach, the Privatisation Administration declared in 2014 that it will not take any action to return Ege Ports-Kuşadası to the State. Following this, a legal provision that prevents the Privatisation Administration from taking actions for the return of privatised assets was introduced and the Privatisation Administration again confirmed that it will not take any actions for the enforcement of court decision with regard to claiming the return of Ege Ports-Kuşadası and it will not initiate any lawsuit in this regard. Although the Constitutional Court annulled this legal provision, to date the Privatisation Administration has maintained its position to not to enforce the cancellation of the Privatisation High Council's decision regarding the privatisation. Given the time passed since the annulment of the foregoing legal provision and the Privatisation Administration's expressed approach, the Group expects that the Privatisation Administration will not take any action. In addition, if Ege Ports-Kuşadası were to be returned to the State, the Group may claim any damages arising out of the cancellation of Privatisation High Council's decision, including the amount paid to the Privatisation Administration for the concession, newly constructed buildings and other structures and any other investments made to Ege Ports-Kuşadası to date, with interest. The Group may also claim loss of profit for the remaining term of the concession period. However, as there are no previous instances of a privatised asset being returned to the State, such a lawsuit would be without precedent.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (*continued*)

(a) *Litigations (continued)*

Legal challenges relating to Zoning Plans of Ege Ports-Kuşadası

Four different zoning plans have been issued in relation to the land of Ege Ports-Kuşadası in 2006, 2010, 2011 and 2015. Local residents and the Municipality of Kuşadası initiated legal challenges against each of the 2006, 2010 and 2011 zoning plans, among other reasons, challenging the designation of the land for use as a cruise port. The challenges to the 2010 and 2011 zoning plans were dismissed by the courts on the basis that the Ministry of Environment and Urbanisation had issued a new zoning plan in 2015. A construction licence was obtained by Ege Ports-Kuşadası under the 2015 zoning plan and it is awaiting approval for an occupancy permit. The challenges relating to the 2006 zoning plan remain pending before the Council of State.

A fee claim by the Ministry of Environment and Forestry against Port Akdeniz-Antalya for the allocation of land from the Türkiye Denizcilik İşletmeleri (TDİ)

There is a finalised legal challenge regarding payment for land allocated to Port Akdeniz-Antalya by the TDİ. The land was transferred without payment as part of the operating rights agreement with respect to Port Akdeniz-Antalya. The Council of the State and the Ministry of Environment and Forestry General Directorate challenged the land allocation on the basis that the TDİ should have sought compensation for the land. As far as the Group is aware, the TDİ and the Ministry of Environment and Forestry have not come to an agreement regarding collection of the relevant consideration as of the date of the consolidated financial statements.

As a result of a disagreement between the TDİ and the Ministry of Environment and Forestry on the consideration for land allocated, the Ministry of Environment and Forestry may request from the Group the same amount that it previously requested from the TDİ for allocation of these lands. As of the date of the consolidated financial statements, no claim has been made against the Group, by the Ministry of Environment and Forestry, except for the claim requesting the return of the training and social facilities operated by third parties which are being used outside of the scope of port operations; and no claim has been made against the Group concerning any payment relating to land allocation of Port Akdeniz-Antalya.

If the Group is forced to pay the aforesaid amount to the Ministry of Environment and Forestry, the Group may seek reimbursement from the TDİ, on the grounds of its right of recourse arising from the agreement transferring operational rights to the land at Port Akdeniz-Antalya.

Other legal proceedings

The employees of Bar Port in Montenegro have filed several lawsuits with local courts with respect to their claims arising from a collective agreement that are related to (i) the period (2011 - 2014) before the handover of the port to GPH and (ii) alleged underpaid wages as of beginning of 2014. On 12 October the court of first instance decided that the collective agreement is not valid. The cases are still pending.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (continued)

(b) Guarantees

As at 31 December 2016 and 2015, the letters of guarantee given comprised the following:

<u>Letters of guarantee</u>	<u>2016</u>	<u>2015</u>
Given to seller for the call option on APVS shares (*)	5,138	--
Given to Privatization Administration / Port Authority	4,047	4,754
Given to Electricity Distribution Companies	8	41
Given to courts	64	-
Others	520	108
Total letter of guarantee	9,777	4,903

(*) Venetto Sviluppo, the 51% shareholder of APVS, which in turn owns a 53% stake in Venezia Terminal Passegeri S.p.A (VTP), has a put option to sell its shares in APVS partially or completely (up to 51%) to Venezia Investimenti (VI); while this option can be exercised between 15 May 2017 and 15 November 2018. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Company has given a guarantee letter in for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS.

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 OİB together with TDİ 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 TDİ, 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 OİB together with TDİ 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 TDİ, while the movable properties stay with Ortadoğu Liman.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (*continued*)

(c) *Contractual obligations (continued)*

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.

Port of Adria

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 Adria 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 Adria 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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Barcelona Cruise Port (continued)

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.

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 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.

Valetta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted the buildings and lands situated in Floriana, having an area of 46,197sqm by title of concession, for a period of 65 years. VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The area transferred is used as follows: retail 6,854sqm, office 4,833sqm, terminal 21,145sqm and potential buildings 13,365sqm.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

28 Commitments and contingencies (continued)

(d) Operating leases

Lease as lessee

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

	<u>As at 31</u> <u>December 2016</u>	<u>As at 31</u> <u>December 2015</u>
Less than one year	1,506	1,481
Between one and five years	5,247	5,463
More than five years	72,109	75,286
	<u>78,862</u>	<u>82,230</u>

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valetta Cruise Port until 2066, Port of Adria until 2043 and Bodrum Liman until 2019.

For the year ended 31 December 2016 payments recognized as rent expense were USD 1,164 thousand (2015: USD 847 thousand).

Lease as lessor

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

	<u>As at 31</u> <u>December 2016</u>	<u>As at 31</u> <u>December 2015</u>
Less than one year	4,327	2,984
Between one and five years	8,013	4,941
More than five years	5,592	6,967
	<u>17,932</u>	<u>14,892</u>

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 2016, USD 7,333 thousand (2015: USD 7,774 thousand) 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 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 are recorded (Note 26).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

29 Service concession arrangement (continued)

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 23 May 2008 in favour of the lenders.

30 Related parties

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

Related parties	Relationship
Mehmet Kutman	Shareholder of Parent Company
Global Yatırım Holding	Parent Company
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
Adonia Shipping	Parent Company's subsidiary
Naturel Gaz	Parent Company's subsidiary

All related party transactions between the Company and its subsidiaries have been eliminated on consolidation, therefore not disclosed in this note.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

30 Related parties (continued)

Due from related parties

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

Current receivables from related parties	2016	2015
Global Yatırım Holding (*)	29,058	35,507
Adonia Shipping (**)	1,066	1,801
Naturel Gaz (**)	69	72
Mehmet Kutman	26	77
Others	1,282	685
Total	31,502	38,142

(*) The receivable from Global Yatırım Holding represents charges and expenses incurred by the Group companies on behalf of Global Yatırım Holding and amounts advanced before 2014. There is no defined payment schedule for these receivables.

(**) These amounts are related with the work advances. The charged interest rate is 10.50% as at 31 December 2016 (31 December 2015: 10.50%).

Due to related parties

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

Current payables to related parties	2016	2015
Mehmet Kutman	204	247
Global Sigorta (*)	356	418
Global Menkul (*)	21	12
Other	--	25
Total	581	701

(*) These amounts are related to professional services taken. The charged interest rate is 8.50% as at 31 December 2016 (31 December 2015: 10.50%).

Transactions with related parties:

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

	2016		2015	
	Interest Received	Other	Interest received	Other
Global Yatırım Holding	2,819	--	2,651	--
Adonia Shipping	--	5	--	--
Total	2,819	5	2,651	--

	2016		2015	
	Interest Given	Other	Interest Given	Other
Global Yatırım Holding	8	4	30	4
Global Menkul	--	--	1	--
Total	8	4	31	4

As at 31 December 2016, the Group has Global Yatırım Holding bonds with a nominal value of USD 13,944 thousand for a consideration of USD 14,412 thousand (2015: Global Yatırım Holding bonds with a nominal value of USD 14,240 thousand for a consideration of USD 14.334). The bonds' maturity is 30 September 2017 with an annual interest rate of 11%.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

30 Related parties (continued)

Transactions with related parties (continued)

For the year ended 31 December 2016, the Group recognized interest income on these bonds amounting to USD 1,928 thousand (2015: USD 2,537 thousand). For the year ended 31 December 2016, the effective interest rate was 14.45% (2015: 14.95%). For the year ended 31 December 2016, the Group accounted for a gain amounting to USD 405 thousand from the purchase and the sale of Global Yatirim Holding's publicly traded share certificates (2015 a gain of USD 109 thousand).

Transactions with key management personnel

Key management personnel composed of the members of the Board and GPH's senior management For the years ended 31 December, details of benefits to key management personnel comprised the following:

	<u>2016</u>	<u>2015</u>
Salaries	1,761	2,118
Bonus	34	49
Attendance fees to Board of Directors	253	480
Termination benefits	34	50
Total	<u>2,082</u>	<u>2,697</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 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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

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 Adria, VCP, Ortadoğu Liman, Ege Liman, Bodrum Liman, Catania, Catania and Ravenna 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 2016 and 2015, the Group uses interest rate swaps to hedge its floating interest rate risk.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

31 Financial risk management (continued)

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.

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.

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

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						Total
	Trade receivables	Due from related parties			Cash at banks	Financial investments	
		Other receivables					
As at 31 December 2016							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	9,630	31,502	1,798	44,128	14,602	101,660	
<i>Net book value of assets overdue but not exposed to impairment</i>	491	--	3	--	--	494	
<i>Net book value of assets exposed to impairment</i>	--	--	--	--	--	--	
<i>- Overdue (gross book value)</i>	1,213	--	--	--	--	1,213	
<i>- Impairment(-)</i>	(1,213)	--	--	--	--	(1,213)	
Maximum credit risk exposure at reporting date	10,121	31,502	1,801	44,128	14,602	102,154	
As at 31 December 2015							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	6,055	38,142	259	75,275	16,907	136,638	
<i>Net book value of assets overdue but not exposed to impairment</i>	4,290	--	197	--	--	4,487	
<i>Net book value of assets exposed to impairment</i>	--	--	--	--	--	--	
<i>- Overdue (gross book value)</i>	508	--	--	--	--	508	
<i>- Impairment(-)</i>	(508)	--	--	--	--	(508)	
Maximum credit risk exposure at reporting date	10,345	38,142	456	75,275	16,907	141,125	

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

	Trade receivables	
	As at 31 December 2016	As at 31 December 2015
1 to 30 days overdue	162	2,476
1 to 3 months overdue	42	1,421
3 to 12 months overdue	287	393
Total	491	4,290

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

31

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:

As at 31 December 2016

CONTRACTUAL MATURITIES NON-DERIVATIVE FINANCIAL LIABILITIES	Carrying value	Total cash outflow due to contracts				
		0-3 months	3-12 months	1-5 years	>5 years	
Banks loans	338,223	5,475	39,805	384,298	18,650	
Finance lease liabilities	4,456	432	1,248	3,055	--	
Other financial liabilities	2,664	--	143	1,105	1,635	
Trade and other payables	11,134	2,076	9,058	--	--	
Due to related parties	581	--	581	--	--	

As at 31 December 2015

CONTRACTUAL MATURITIES NON-DERIVATIVE FINANCIAL LIABILITIES	Carrying value	Total cash outflow due to contracts				
		0-3 months	3-12 months	1-5 years	>5 years	
Banks loans	345,855	11,281	38,011	142,146	290,094	
Finance lease liabilities	5,294	406	1,214	3,874	270	
Other financial liabilities	2,417	--	269	740	1,710	
Trade and other payables	11,998	2,055	9,943	--	--	
Due to related parties	701	--	701	--	--	

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

As at 31 December 2016, foreign currency risk exposures of the Group comprised the following:

As at 31 December 2016				
	USD equivalents	USD	EUR	TL
Other non-current assets	3,341	1,500	--	6,481
Non-current assets	3,341	1,500	--	6,481
Trade and other receivables	1,233	705	--	1,855
Due from related parties	13,987	411	97	47,417
Investments	12,362	12,362	--	--
Other current assets	1,544	9	38	5,261
Cash and cash equivalents	26,174	2,336	22,040	2,123
Current assets	55,300	15,823	22,175	56,656
Total assets	58,640	17,323	22,175	63,137
Loans and borrowings	16,190	16,190	--	--
Employee benefits	722	--	--	2,541
Non-current liabilities	16,912	16,190	--	2,541
Loans and borrowings	6,490	5,350	--	4,014
Trade payables	5,068	156	2,727	7,172
Due to related parties	192	107	59	81
Current tax liabilities	1,589	--	--	5,593
Provisions	67	--	--	236
Current liabilities	13,406	5,613	2,786	17,096
Total liabilities	30,318	21,803	2,786	19,637
Net foreign currency position	28,323	(4,480)	19,389	43,500

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

As at 31 December 2015, foreign currency risk exposures of the Group comprised the following:

As at 31 December 2015				
	USD equivalents	USD	EUR	TL
Other non-current assets	6,726	4,105	--	7,621
Non-current assets	6,726	4,105	--	7,621
Trade and other receivables	1,415	182	146	3,122
Due from related parties	24,278	--	162	70,077
Investments	140	--	--	406
Other current assets	4,176	2,322	--	5,391
Cash and cash equivalents	51,252	11,703	35,693	1,576
Current assets	81,261	14,207	36,001	80,572
Total assets	87,987	18,312	36,001	88,193
Loans and borrowings	14,847	12,625	2,033	--
Employee benefits	747	--	--	2,171
Non-current liabilities	15,594	12,625	2,033	2,171
Loans and borrowings	1,901	1,047	782	--
Trade payables	6,872	1,261	274	15,441
Due to related parties	357	--	27	954
Current tax liabilities	1,347	--	--	3,915
Provisions	65	--	--	190
Current liabilities	10,542	2,308	1,083	20,500
Total liabilities	26,136	14,933	3,116	22,671
Net foreign currency position	61,851	3,379	32,885	65,522

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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

Sensitivity Analysis

A 10 percent strengthening or depreciation of the US Dollars against the following currencies as at 31 December 2016 and 2015 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.

Year ended 31 December 2016	PROFIT / (LOSS)		EQUITY (*)	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/ (liability)	(448)	448	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	(448)	448	--	--
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/(liability)	2,044	(2,044)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	2,044	(2,044)	--	--
TOTAL (3+6)	1,596	(1,596)	--	--

Year ended 31 December 2015	PROFIT / (LOSS)		EQUITY	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/ (liability)	338	(338)	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	338	(338)	--	--
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/(liability)	3,597	(3,597)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	3,597	(3,597)	--	--
TOTAL (3+6)	3,935	(3,935)	--	--

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

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		As at 31 December 2016	As at 31 December 2015
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	30,308	33,328
	Available for sale financial assets	14,602	16,907
	Amounts due from related parties	30,165	37,380
Financial liabilities	Loans and borrowings	(267,094)	(261,023)
	Other financial liabilities	(2,664)	(2,417)
		(194,683)	(175,825)
Effect of interest rate swap		(39,173)	(46,069)
		(233,856)	(221,894)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(75,586)	(90,126)
Effect of interest rate swap*		39,173	46,069
		(36,413)	(44,057)

*75% of total borrowing made on BPI is fixed from an interest rate of 0.97 against Euribor until end of the related borrowing (31 December 2023).

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2016, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 364 thousand (2015: higher by USD 441 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 364 thousand (2015: lower by USD 441 thousand).

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the consolidated financial statements

For the year ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

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	As at 31 December 2016		As at 31 December 2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	20	44,310	44,310	77,423	77,423
Trade and other receivables	18	11,922	11,922	10,743	10,743
Due from related parties	29	31,501	31,501	39,903	39,903
Other assets	19	7,768	7,768	8,008	8,008
Other investments	16	14,602	14,602	16,907	16,907
Total		111,917	111,917	154,642	154,642
Financial liabilities					
Loans and borrowings	23	342,680	335,763	351,149	322,410
Other financial liabilities		2,664	2,664	2,417	2,417
Derivative financial liabilities		1,131	1,131	953	953
Trade and other payables	24	11,069	11,069	10,400	10,400
Due to related parties	30	581	581	701	701
Total		358,125	351,208	365,620	336,881

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).

As at 31 December 2016	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	--	1,131	--	1,131
As at 31 December 2015	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	--	953	--	953

32 Events after the reporting date

None.