GLOBAL PORTS HOLDING

12 March 2018

GLOBAL PORTS HOLDING PLC
Full Year Results

Positioned for growth

Global Ports Holding ("GPH", the "Company" or the "Group"), the world's largest cruise port operator, today announces its audited results the year ended 31 December 2017.

Key financial and operational metrics

	2017	2016[4]	YoY Change
Passengers (m PAX)[1]	**4.1**	**3.5**	**15.2%**
General & Bulk Cargo ('000)	**1,628.9**	**1,401.4**	**16.2%**
Throughput ('000 TEU)	**249.4**	**213.9**	**16.6%**
Revenue (USD m)	**116.4**	**114.9**	**1.3%**
Cruise Revenue (USD m)[2]	50.3	53.7	(6.3%)
Commercial Revenue (USD m)	66.1	61.2	7.9%
Segmental EBITDA (USD m)[3]	**80.5**	**80.9**	**(0.5%)**
Segmental EBITDA Margin[3]	**69.2%**	**70.5%**	**(130bps)**
Cruise EBITDA (USD m)	32.2	36.9	(12.7%)
Cruise Margin	64.1%	68.8%	(470bps)
Commercial EBITDA (USD m)	48.3	44.0	9.7%
Commercial Margin	73.1%	71.9%	120bps
Adjusted EBITDA (USD m)[3]	**75.3**	**75.9**	**(0.8%)**
Adjusted EBITDA Margin[3]	**64.7%**	**66.1%**	**(140bps)**
Operating Profit (USD m)	**10.9**	**20.9**	**(47.6%)**
(Loss)/Profit for the year (USD m)	**(14.1)**	**4.4**	**n.m.**
Underlying Profit (USD m)[3]	**28.5**	**34.3**	**(17.0%)**
Cash Conversion (%)[3]	**81.6%**	**88.9%**	**(730bps)**
Proposed Dividend per share (GBP p)[5]	**41.7**	**n.a.**	**-**
Net Debt (USD m)[3]	**227.5**	**280.4**	**(18.8%)**

1 Passenger numbers refer to controlled operations, hence excluding equity pick-up entities Venice, Lisbon and Singapore
2 Cruise revenues include sum of all cruise ports excluding Venice, Lisbon and Singapore (equity accounted investee entities)
3 Refer to the Glossary of Alternative Performance Measures for the definition of these items
4 The consolidated results of Global Ports Holding PLC have been prepared under the merger accounting basis of preparation following the IPO which assumes Global Ports Holding PLC consolidates the results of the Global Liman Isletmeleri A.S. group since 1 January 2016
5 Total annual dividend of USD 35m as proposed by the Directors of the Company

Group highlights

- Improving 2H 2017 performance. Q4 revenues up 15.8%, and Q4 Segmental EBITDA up 1.5% YoY
- Group operating profit for the year was lower than prior year at USD 10.9m, almost fully attributable to the one off costs associated with 2017 IPO as well as higher amortization expenses in relation to Port Operating Rights
- Adjusted EBITDA was flat but margin remained strong at 64.7% despite a challenging trading environment in Turkish ports
- The period resulted in a net loss of USD 14.1m, due to the decline in operating profit in addition to a non-cash foreign currency impact from the EUR / USD exchange rate
- Underlying profit was affected by the aforementioned non-cash foreign currency impact but otherwise in line with 2016 due to the robust operational performance. Underlying profit provides

a useful profitability benchmark as it excludes one-off IPO expenses and amortisation of port operating rights.

- Strong passenger number growth of 15.2% supported by inorganic growth, but 6.3% cruise revenue decline due to lower contribution from higher yielding Turkish ports. Strong growth at non-Turkish ports where revenue and Segmental EBITDA increased by 9.9% and 6.3%, respectively
- Robust commercial performance with cargo volumes up over 16% and Segmental EBITDA up 9.7%. Segmental EBITDA growth lower than volume growth due to deferral of project cargo from 2017 to 2018 at Port of Adria
- Following USD 17.5m interim dividend (21.6p per share) paid in September 2017, the Directors proposed additional dividend of USD 17.5m (20.1p per share at current exchange rate). This would bring total dividend in respect of the year to a USD 35.0m or 41.7p per share.
- 2018 expected to show mid to high single digit organic growth in Revenue and Adjusted EBITDA

Cruise highlights

- Strong passenger growth of 15.2% which includes a full year contribution from and growth in our Italian ports
- Non-Turkish cruise ports grew strongly, revenue up 9.9% and Segmental EBITDA up 6.3% with improving second half trends
- Turkish cruise ports' revenue was 49.2% lower, impacted by geopolitical events, but remains highly profitable at 59.7% Segmental EBITDA margin
- Q4 2017 showed positive revenue growth of 6.6%
- State of the art Lisbon terminal opened; Ege Port renovation completed

Commercial highlights

- Robust performance with container volumes up 16.6%, general bulk cargo volumes up 16.2%
- Total commercial revenues up 7.9%, Segmental EBITDA up 9.7% to USD 48.3 million with Commercial Segmental EBITDA Margin 120bps ahead of 2016 level
- Growth driven by strong marble and cement exports at Port Akdeniz, and rollout of our modernization programme at Port of Adria
- Accelerated growth; Q4 commercial revenue and Segmental EBITDA up 23.6% and 21.7%, respectively

Outlook and current trading

- Current trading in our Cruise segment in our non-Turkish based ports remains strong. The weakness in Turkish cruise ports is expected to continue into 2018, although passengers and revenue are expected to stabilize compared to the decline experienced in 2017

   - A number of cruise lines have begun to communicate their plans to visit our Turkish ports in 2018, which we see as a good sign of a possible recovery.
- The Group remains confident about its M&A activity in and outside Europe in Cruise ports
- Following strong trading in Q4 2017, we expect resilient demand for exports from our commercial ports to continue into 2018, supporting continued growth in commercial revenues
- 2018 expected to show mid to high single digit organic growth in Revenue and Adjusted EBITDA

Mehmet Kutman, Chairman and Co-Founder said;
"In May 2017 we listed on the London Stock Exchange. Despite the geopolitical challenges in Turkey since then, we have been able to deliver stable revenues and underlying profits, achieve strong operating cash flow and attractive dividends. Operating profit was down year on year mainly reflecting the costs of the IPO. Delivering shareholder value remains a key priority for the group as we look to the year ahead."

Emre Sayın, Chief Executive Officer said;
"Our 2017 financial performance reflects the importance of our diversified business, with robust contributions from our commercial operations and strong performance in our cruise ports outside Turkey, where the geopolitical situation continues to be challenging. We are making progress with our strategy set out at the IPO to expand our global footprint of cruise ports, also reducing the significance of Turkey on our overall business. M&A discussions both in and outside Europe are progressing well and we have strengthened our global team as we pursue the next phase of growth. We feel good about 2018 as it starts growing again."

Please join us for a live webcast of the presentation at 9am GMT via the following link:
http://cache.merchantcantos.com/webcast/webcaster/4000/7464/16532/100738/Lobby/default.htm

Alternatively, you can join by dialing +44 (0) 20 3003 2666, # 9923467

An audio recording of results will be made together with a playback facility to be provided after the presentation has finished on GPH IR website at http://www.globalportsholding.com/main-page

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Notes to Editors

Global Ports Holding PLC (GPH) is the world's largest cruise port operator with an established presence in the Mediterranean, Atlantic and Asia-Pacific regions.

Global Ports Holding was established in 2004 as an international port operator with a diversified portfolio of cruise and commercial ports. As an independent cruise port operator, the group holds a unique position in the cruise port landscape, positioning itself as the world's leading cruise port brand, with an integrated platform of cruise ports serving cruise liners, ferries, yachts and mega-yachts. As the world's sole cruise ports consolidator, GPH portfolio consists of investments in 15 ports in 7 countries and continues to grow steadily. GPH provides services for 7.0 million passengers reaching a market share of 23% in the Mediterranean annually. The group also offers commercial port operations which specialize in container, bulk and general cargo handling.

A portfolio of award-winning ports and terminals allows GPH to transfer best practices to its subsidiaries. With a strong focus on operational excellence, enhanced security practices and customer-oriented services, GPH aims to contribute to the development of the cruise industry. It is listed on the London Stock Exchange.

Chairman and founder's statement

Our differentiated model

GPH has shown this year the benefits of its diversified business model. It has delivered a strong performance in its cruise business outside Turkey and a robust performance in commercial. Taken as a whole, I am satisfied with our progress in this reporting year.

The IPO was a key milestone in 2017 with investors acknowledging the exceptional growth potential in the cruise sector, as well as the strength of our container and bulk cargo business.

We are not immune to external events, and during 2017 the business faced a number of unexpected challenges outside of its control, including cancellations due to security concerns in the Eastern Mediterranean region. However, drawing upon our experience, market knowledge and collective and local expertise, we are well positioned and sufficiently resilient and diversified for navigating these challenging markets.

Market growth

What is clear to all our stakeholders is that the cruise industry, and the industries that serve it, have vast growth opportunities. The sector may have been around for a long time, but recent penetration in the market has only peaked at around 3.6% in the core market of the USA, 2.5% in the EU and much less than 2% for most of the rest of the world[1].

This is now changing fast as new ideas, fresh fleets and a younger passenger demographic alter the face of the industry. Already running above 100% occupancy, the cruise lines are investing to add c.47% capacity by 2026 and they are growing the market: brands such as Virgin and Disney are enticing aboard a new generation and character of passenger who, previously, might never have considered cruising. Every facet of the cruise experience is also being reimagined. Picture the full drama of a Cirque du Soleil performance aboard a cruise ship – it's already happening, along with a new generation of technologies to make every experience unforgettable.

Against this backdrop, we foresee around five percent annual growth over the next ten years, evidenced by the cruise lines' orders for new ships: the major yards around the world already have contracts to build over 97 new cruise liners, and only a lack of capacity prevents them accepting more. These ships are larger, providing fabulous accommodation, hospitality and entertainment for up to 6,500 passengers.

[1] GDP Per Capita: World Bank databank, BREA The Global Economic Contribution of Cruise Tourism 2016 for CLIA

In turn, economies of scale will drive lower costs, widening the market still further. We are also seeing new target audiences emerging, such as increasingly wealthy citizens from new markets such as China who can fly in and enjoy six Mediterranean countries in seven days.

Expanding into new territories

As the largest port operator in the world, Global Ports Holding is perfectly placed to serve this growth. We have the resources and the know-how to extend existing infrastructure, develop new locations, and find innovative ways to embark, disembark and look after thousands more passengers. As importantly, we bring an unrivalled 360° view of the sector – the cruise lines, the ships, the passengers, the crews and the destination stakeholders – that enables us to perform our role as port operators in a way that meets everyone's needs.

Our growth will also come with new territories. In particular, we believe our vision and skills are highly transferrable to the Americas, including the Caribbean, where passenger numbers (one of our key sources of revenue) are considerably higher.

In the Mediterranean, only our Barcelona port sees the levels of passengers that routinely pass through the core ports of the Caribbean, and this region is our principal focus for business development going forward.

Closer to home, we are looking to continue our expansion through inorganic growth in the Mediterranean, and as I write we are in negotiations with a number of potential new ports.

Typically, port infrastructure is owned by government agencies in one form or another, and negotiations are complex and unpredictable but we are hopeful of making further progress in 2018 in this regard.

As well as the port acquisitions, we continue to drive ancillary revenues, as we look to the opportunities ahead.

We have a skilled and experienced team, and in addition to network growth they will continue to optimise our ports, maximise ancillary revenues from retail and other sources, and assist in restoring business as usual to the world's most beautiful and inspiring regions. I thank them all, and all our stakeholders as we embark on our new chapter of growth.

Mehmet Kutman

Chairman and Co-Founder

Group Chief Executive's Review

Resilient Results

I am pleased with progress in 2017, a year when we achieved tangible advances in integrating our assets, sharing know-how, working to unified codes and systemising the way we do business. In parallel, we were active in raising our ambitions, not only identifying new growth opportunities in our current heartland of the Mediterranean, but also beyond. We also strengthened our management team with new capabilities.

It was also a year when our key metrics broadly confirmed the outcome we had targeted: increased passenger numbers, an expanded port network, good growth in our container and freight business, a sound HSE performance, and a clutch of awards that recognise our standing as the world's leading independent port operator.

Indeed, in the areas that were within our control, we showed how our all-round expertise is working to the benefit of our stakeholders and, by extension, ourselves.

Unfortunately we were impacted by the unexpected geopolitical challenge in Turkey. An attempted coup, attacks and the migrant crisis inevitably affected sentiment and confidence. Cruise lines felt obliged to redirect their programmes elsewhere, resulting in a significant impact on traffic through our most profitable ports in Turkey in 2017. Despite the issues we experienced, based on conversations with our cruise line customers, we are confident that they will restore normal routes in the Eastern Mediterranean, as soon as circumstances allow.

That issue aside, we take many positives from this reporting year. We closed the period with a strong set of Q4 results, showing that our business is sufficiently diversified and robust to withstand even considerable impacts from market conditions. Diversity not only comes from having commercial business run side by side cruise business, but also from the geographical distribution of our ports in different regions in the Mediterranean. Expanding further into the other regions such as the Americas, Asia will further improve our resilience.

Listing on the London Stock Exchange

The year brought several financial, operational and reputational highlights. Perhaps the standout event was our IPO on the London Stock Exchange in May 2017. The IPO has given us additional resources to cultivate new territories and opportunities, as well as to invest in our existing infrastructure as we look to improve the totality of the cruising experience. The year also saw significant expansion as we on boarded investments made in 2016. We hold the majority interest in the ports of Catania, Ravenna and Cagliari, and we made good progress in integrating these excellent locations. I believe we have a clear strength in knowing how to instil our culture in new assets, while giving our local teams the respect and autonomy they deserve. Although it is early days, we can already see material improvements and results in these three Italian ports, whose combined revenues grew by 68% against the previous year. We also keep investing and upgrading our existing ports. A good example is the recent renovation of Ege Port where we have undergone a major upgrade of shopping facilities. Upon the increase of passengers, we expect this project to have a positive impact on both passenger experience and ancillary revenues.

As well as optimizing existing ports, we also brought a fresh project to fruition, from the ground up. Lisbon's new flagship terminal is one of the cruising sectors finest, and GPH was instrumental in bringing together the state authorities of Portugal and the cruise lines to make this innovation happen. We were involved at the blueprint stage, contributing our experience of operational needs, and ensured that day-to-day operations continued seamlessly alongside the project. The new infrastructure stands ready to welcome a projected passenger increase of over 20% in 2018.

This commitment to playing our part in the overall cruise experience was again recognised by both industry and external media. Most notably, Valletta Cruise Port gained the title "Best Terminal Operator 2017" and Barcelona "Best Turnaround Port Operations 2017". This was one of nine awards that GPH ports won during the year, including success in the consumer-facing World Travel Awards and accolades from the industry's respected Cruise Insight publication.

Strength from diversification

Our numbers for 2017 tell the dual story I have outlined: a year of strong performances from a diverse but centralized port network, offsetting the impact on our business of external factors in the Eastern Mediterranean. The net result was that Segmental EBITDA was essentially flat year-on-year. Whilst operating profit reduced from USD 20.9 m to USD 10.9 m, this was principally due to the costs of the IPO and higher amortization costs.

Passenger numbers, our main revenue stream from the cruise sector, grew by 15.2%, driven by good performances in the Mediterranean and the contribution of our 3 new Italian ports. This was offset by the decline in the Turkish cruise ports which have significantly higher yields per passengers such that overall cruise revenue declined. I was also pleased with our commercial operation, where container business grew by 16.6% and general bulk by 16.2%, and revenue increased by 7.9% Overall, commercial services contributed 56.9% of our total revenues.

Market overview

Overall the backdrop for the cruise industry remains extremely positive. The current cruise ship order book is supportive of the outlook for the global cruise industry and passenger volumes, with global projections of 27.2 million passengers in 2018 (5.4% growth vs 2017). There are currently 97 ships on order for the global fleet between 2018 and 2026, the highest on record.

In addition to a record high in terms of the number of ships, cruise ships are also getting increasingly bigger. The average number of berths per vessel in 2017 was 1,466, while the average size for the 97 new ships on order is over 3,000 berths per ship.

Based on current known orders and the greater size of new ships once completed this implies an average passenger growth rate of c. 5% per annum over the medium term, with new supply arguably creating its own demand. The European order book through 2026 indicates that ship fleet capacity is to increase at a CAGR of c. 6%.

According to Cruise Industry News, the Europe market is set to grow at a 10.2%, from 6.8mn PAX in 2017 to 7.5mn PAX in 2018, and the Asia-Pacific market to grow at 9% to 5.2mn PAX, while the America's pace is lower, at 4.5%, to reach 14.3mn PAX by 2018.

In addition, the global macro environment remains supportive of with resilient and strong growth through our commercial ports. Given our geographic exposure to Turkish exports, notably in marble and cement, we would expect, all other things being equal, to benefit from the growing construction markets in MENA, Asia and the Western Mediterranean.

2018 Outlook

Current trading in our Cruise segment in our non-Turkish based ports remains strong. The weakness in Turkish cruise ports is expected to continue into 2018, although passengers and revenue are expected to stabilize compared to the decline experienced in 2017. A number of cruise lines have begun to communicate their plans to visit our Turkish ports in 2018, which we see as a good sign of a possible recovery.

The Group also remains confident about its M&A activity in and outside Europe in cruise ports.

Following strong trading in Q4 2017, we expect resilient demand for exports from our commercial ports to continue into 2018, supporting continued growth in commercial revenues.

Full year 2018 is expected to show mid to high single digit organic growth in Revenue and Adjusted EBITDA.

We look ahead with confidence and ambition. There are more than 750 cruise ports around the globe, and it would be a natural progression to take our compelling offering of expertise and resources to fresh markets.

We will continue to achieve the triple-win of performing for, and benefiting from, our cruise lines, host governments/owners, and passengers. Western markets continue to look buoyant and we expect to see an increased number of passengers passing through our infrastructure during 2018.

Our ambitious plans, as we continue to coalesce as a Group and target international growth, are being well served by a strengthened team. Dr. Ece Gürsoy joined us as Chief Legal Officer, bringing with her a wealth of experience in project finance, infrastructure and private equity. Collin Murphy is our new Regional Coordinator, having previously managed development, port negotiations and relationships for Norwegian Cruise Line Holdings for more than 20 years. Mark Robinson joined GPH as Chief Commercial Officer, the former President of Intercruises Shoreside&Port Services - who brings with him an excellent experience in spanning operations, infrastructure and management, and will help to deliver the development of ancillary services as part of our core strategy. Burak Gülay took up the role of Ancillary Services Director, having gained a proven track record of increasing ancillary passenger revenues at Pegasus, Turkey's largest low-cost airline.

GPH has also been honored with hosting the industry's prestigious Seatrade Cruise Med event at our Lisbon port in 2018, and at our Malaga port in 2020. Both are excellent opportunities to showcase our strengths to cruise lines, government tourist offices and port authorities. We have a great business and look forward to its continued progress.

EMRE SAYIN

CEO

Financial Overview

Overall revenues during the year increased slightly by 1.3% from USD 114.9m in FY 2016 to USD 116.4m in 2017, and Operating profit declined to USD 10.9m in 2017 from 20.9m in 2016, mainly due to the IPO expenses in 2017 (approximately USD 11.6m). The movement in revenue reflected inorganic growth contribution from the Italian ports offset by a move in passengers away from the higher-yielding Turkish ports.

Thanks to the well diversified portfolio, the ongoing weakness in Turkish Cruise ports has been offset by the strong performance of the Commercial business and non-Turkish cruise ports in the network, maintaining Segmental EBITDA margin at a high level of 69.2%.

The period resulted in a net loss of USD 14.1 mainly due to IPO expenses and increased amortization expenses in relation to Port Operating Rights (similar to the Operating profit), as well as a non-cash foreign currency effect from EUR / USD exchange rate. Underlying Profit in 2017 was impacted by this non-cash foreign currency effect from EUR / USD exchange rate, but otherwise was in line with 2016 due to the robust operational performance (IPO expenses and amortization of Port Operating Rights excluded from Underlying Profit).

During the year, the Commercial segment performed well with Commercial Revenue and Segmental EBITDA growing by 7.9% and 9.7% YoY, respectively. Also, we have seen a strong performance in our non-Turkish cruise ports, with 9.9% revenue and 6.3% EBITDA growth in 2017 YoY.

Our cruise segment demonstrated a strong passenger growth of 15.2%

- Far above Mediterranean averages
- 3.5% organic growth across the cruise port portfolio (taking into account pro-forma effect for Italian port acquisitions which are consolidated for the first time in 2017) more than offset the decline in the Turkish ports of 58.2%
- GPH's non-Turkish ports registered solid 25.9% passenger growth in 2017 (organic growth: 10.8%)

Despite the overall positive volume trend in passengers, revenues and Segmental EBITDA from cruise operations have declined by 6.3% and 12.7% respectively, due to a lower share of higher-yielding Turkish ports.

Passenger mix changed slightly in favor of transit passengers, resulting in a slightly lower cruise segment's profitability. Transit passengers recorded a 20.3% increase in 2017, while the expansion of more profitable turnaround passengers was relatively lower at 8.0%, resulting in 2pp decrease in the share of turnaround passengers.

Meanwhile, the Cruise Segment was positively impacted by Euro/USD parity in 2017. All cruise ports' revenues are mainly Euro denominated while our reporting currency is USD therefore, the appreciation of the Euro in 2017 had a slight positive impact on overall financials.

Commercial revenues were USD 66.1m in FY 2017, up 7.9% year-on-year, due to strong growth in container volumes (up 16.6% YoY), along with a 16.2% increase in general and bulk cargo compared to FY 2016. Growth in container volumes was driven by marble exports at Port Akdeniz. Growth in general and bulk cargo was driven by cement exports in Port Akdeniz, as well as steel coils in Port of Adria.

Container yields declined by 5.7% driven by the change in TEU mix between full and empty containers. General & bulk cargo yields were down 8.5% due to lower project cargo volume. Also, change in product mix (increase in steel coils volume in particular in Port of Adria) had an impact on yields.

Commercial Segmental EBITDA increased by 9.7% to USD 48.3m, and the Commercial EBITDA margin grew by 120 bps in FY 2017 YoY, mainly driven by operational improvement at Port Akdeniz, increase in high-margin TEU business and the currency environment in Turkey which is favorable for GPH with its USD revenue streams but mainly TL cost base.

Capital Expenditure

Capital Expenditure for 2017 was USD 13.9m, primarily to fund the modernization programme at Port of Adria (investment in equipment and machinery) which essentially competed in 2017, and renovation works for Ege Port's shopping mall which completed in H1 2017.

Debt Profile

Net debt at 31 December 2017 decreased to USD 227.5m from USD 280.4m at 2016YE mainly due to cash generated from operations of USD 46.0m, as well as net IPO proceeds of USD 73m and the collection of related party receivable of USD 27.7m. Main cash outflows are CAPEX of USD 13.9m and dividends of USD 46.1m (including interim dividend in September 2017 of USD 18m) and financing-related cash outflow of USD 34.7m (mainly financing expenses and net repayment of gross debt). The Group's Net Debt to Adjusted EBITDA ratio of 3.0x is in line with GPH's financial policy as communicated during the IPO process. The Leverage Ratio as per the Eurobond issued by Global Liman Isletmeleri A.S. (100% subsidiary of GPH) is 4.5x versus a covenant of 5.0x.

Liquidity and IPO

- Global Ports Holding Listed on the London Stock Exchange in May 2017
- Offer Price: 740 pence per GPH share
- Offer size: USD 207m (including USD 7m over-allotment option)
- The Group raised net primary proceeds of USD 73m which will be used to develop and expand the Group's Cruise business
- Free float of 34.37% while GIH and EBRD hold 60.60% and 5.03% respectively

Dividends

Following USD 17.5m interim dividend (21.6p per share) paid in September 2017, the Directors proposed additional dividend of USD 17.5m (20.1p per share at current exchange rate). This would bring total dividend in respect of the year to a USD 35.0m or 41.7p per share.

Segment Review

Cruise Business

FY 2017 Detailed Financial Review – Cruise Segment

	2017	2016	YoY Change
Cruise Port Operations			
Passengers (m)[1]	4.1	3.5	15.2%
Turnaround Passengers	1.6	1.5	8.0%
Transit Passengers	2.5	2.1	20.3%
Revenue (USD m)	50.3	53.6	(6.3%)
of which Ancillary Revenue	13.1	14.2	(7.8%)
Yield (USD, revenue per passenger)	12.3	15.1	(18.7%)
Yield (USD, ancillary revenue per passenger)	3.2	4.0	(20.0%)
Segmental EBITDA (USD m)	32.2	36.9	(12.7%)
Segmental EBITDA Margin	64.1%	68.8%	(480bps)
Creuers (Barcelona and Malaga)			
Passengers (m)	2.4	2.3	5.1%
Turnaround Passengers	1.3	1.3	0.0%
Transit Passengers	1.1	1.0	11.9%
Revenue (USD m)	27.4	27.1	1.0%
of which Ancillary Revenue	2.6	2.5	2.8%
Yield (USD, revenue per passenger)	11.4	11.9	(4.0%)
Yield (USD, ancillary revenue per passenger)	1.1	1.1	(2.2%)
Segmental EBITDA (USD m)	17.6	18.0	(2.6%)
Segmental EBITDA Margin	64.1%	66.5%	(240bps)
Ege Port			
Passengers (m)	0.2	0.4	(53.4%)
Turnaround Passengers	0.0	0.0	8.9%
Transit Passengers	0.2	0.4	(56.3%)
Revenue (USD m)	4.8	11.7	(58.6%)
of which Ancillary Revenue	2.4	3.9	(39.1%)
Yield (USD, revenue per passenger)	25.5	28.7	(11.2%)
Yield (USD, ancillary revenue per passenger)	12.5	9.6	30.7%
Segmental EBITDA (USD m)	3.0	9.0	(67.1%)
Segmental EBITDA Margin	61.3%	77.0%	n.m
Valletta Cruise Port			
Passengers (m)	0.8	0.7	14.1%
Turnaround Passengers	0.2	0.1	89.2%
Transit Passengers	0.6	0.6	(1.0%)
Revenue (USD m)	12.9	11.8	9.1%
of which Ancillary Revenue	6.9	7.1	(3.0%)
Yield (USD, revenue per passenger)	16.6	17.3	(4.4%)
Yield (USD, ancillary revenue per passenger)	8.8	10.4	(15.0%)
Segmental EBITDA (USD m)	6.8	5.9	16.5%
Segmental EBITDA Margin	52.8%	49.5%	340bps
Other Cruise			
Passengers (m)	0.7	0.2	297.5%
Turnaround Passengers	0.1	0.0	31.8%
Transit Passengers	0.7	0.1	383.0%
Revenue (USD m)	5.2	3.0	70.3%
of which Ancillary Revenue	1.3	0.7	73.9%
Segmental EBITDA (USD m)	4.9	4.1	20.4%

[1]Passenger numbers refer to consolidation perimeter, hence excluding equity pick-up entities Venice, Lisbon and Singapore

In 2017, GPH's consolidated cruise ports welcomed more than 2,801 calls and 4.1m passengers, while it was over 7.0m passengers via 4,214 calls for all ports including equity pick-up entities Venice, Lisbon and Singapore. It generated 43.2% of the company's revenue and 40% of its Segmental

EBITDA. 26% of the cruise revenues were derived from ancillary sources such as retail outlets and advertising.

Ports Update

For the FY 2017, Creuers (Barcelona and Malaga) received 868 cruise calls (+9.0% over 2016) bringing in 2.4m cruise passengers (+5.1% yoy), of which 1.3m were turnaround passengers (stable yoy) and 1.1m were transit passengers(+11.9 yoy). Creuers' revenues remained flat at USD 27m, and Segmental EBITDA slightly decreased by 2.6% to 17.6m. The decline in yield of Creuers was mainly due to:

- changes in passenger mix in favor of transit passengers, which are less profitable compared to turnaround passengers
- turnaround passenger increase driven by Malaga, which has lower margins compared to Barcelona

Valletta Cruise Port, with its unique position for West Med and East Med itineraries, contributed significantly to GPH's FY 2017 passenger and Segmental EBITDA performance. In FY 2017, Valletta Cruise Port received 342 cruise calls (+7.9 yoy) bringing in 0.8m cruise passengers (+14.1% yoy), of which 0.2 were turnaround passengers (+89.2% yoy). Segmental EBITDA of the Valletta Cruise Port was up by 216.5% to USD 6.8m, implying a 340bps increase in Segmental EBITDA margin, thanks to the increasing share of turnaround passengers in the passenger mix. In addition, a stronger EUR has also impacted operating figures positively. Meanwhile, lower travel retail has resulted in decline in yield.

In 2017, Ege Port had 130 cruise calls (-53.2% yoy) bringing in 118,954 cruise passengers (-65.8 yoy) and a total of 477 ferry calls bringing in 69,989 ferry passengers with a total of 188,843 (-53.4% yoy) passengers visiting the port. Ege Port revenues and Segmental EBITDA declined by 58.6% and 67.1%, respectively, due to the decline in number of calls and passenger numbers as a result of ongoing weakness in sentiment for Turkish cruise ports. Management remains cautious for 2018 but we are hopeful of seeing a recovery as a number of cruise lines have begun to communicate their plans to visit GPH's Turkish ports in 2018.

Commercial Business

FY 2017 Detailed Financial Review – Commercial Business

	2017	2016	YoY Change
Commercial Port Operations			
General & Bulk Cargo ('000 tonnes)	1,628.9	1,401.4	16.2%
Throughput ('000 TEU)	249.4	213.9	16.6%
Revenue (USD m)	66.1	61.2	7.9%
Yield (USD, Revenue per TEU)	174.7	185.2	(5.7%)
Yield (USD, Revenue per tonnes)	9.0	9.8	(8.5%)
Segmental EBITDA (USD m)	48.3	44.0	9.7%
Segmental EBITDA Margin	73.1%	71.9%	120bps
Port Akdeniz			
General & Bulk Cargo ('000)	1,415.7	1,319.2	7.3%
Throughput ('000 TEU)	200.1	172.0	16.3%
Revenue (USD m)	58.5	53.4	9.7%
Yield (USD,Revenue per TEU)	194.3	205.9	(5.6%)
Yield (USD,Revenue per tonnes)	8.7	8.4	3.8%
Segmental EBITDA (USD m)	46.4	41.3	12.5%
Segmental EBITDA Margin	79.3%	77.4%	190bps
Port of Adria			
General & Bulk Cargo ('000)	213.2	82.2	159.4%
Throughput ('000 TEU)	49.3	41.8	17.8%
Revenue (USD m)	7.5	7.9	(4.4%)
Yield (USD,Revenue per TEU)	95.0	99.9	(5.0%)
Yield (USD,Revenue per tonnes)	10.8	32.6	(66.9%)
Segmental EBITDA (USD m)	1.9	2.7	(32.0%)
Segmental EBITDA Margin	24.6%	34.6%	(1,000bp)

GPH operates two growing commercial ports, in Turkey and Montenegro. Together, they handled around 249.4k TEU and 1,628.9k tonnes of throughput in 2017.

In 2017, the commercial port operations generated 56.8% of the company's revenue and 60% of its Segmental EBITDA.

TEU throughput increased by 16.6% in FY 2017 YoY thanks to strong marble export at Port of Akdeniz. TEU yields softened slightly by 5.7% due to changes in TEU mix between full and empty.

General & bulk cargo volume was up 16.2% driven by a solid increase of steel coils export at Port of Adria and growth in cement exports in Port Akdeniz. Due to lower volumes of project cargo in 2017 (which has less visibility by nature) as well as change in product mix led to a decline in the yield, from USD 9.8 to USD 9.0. Revenue growth was below volume growth in 2017, mainly due to lower project cargo volumes. Segmental EBITDA for the Commercial business was USD 48.3m in FY 2017, up 9.7% over FY 2016, translating into c.120bps improvement in Segmental EBITDA margin. The improvement was driven by operational improvement at Port Akdeniz, increase in high-margin TEU business and a favorable currency environment in Turkey.

An agreement has been signed with regards to project cargo in the Port of Adria as contracted project cargo at Port of Adria has not been realized in 2017. And some of the anticipated revenue would be into 2018 (we currently estimate that this could have an EBITDA impact of USD 1.3m) in this financial year.

Principal risks and uncertainties

The Group faces a number of risks, which if they arise, could affect its ability to achieve strategic objectives. The Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them effectively.

The level of risk is regulary monitored by the Audit and Risk Committee and reviewed and validated by the Board on an annual basis. The Audit and Risk Committee provides risk reports to the Board on a quarterly basis at least. The Group is exposed to four categories of risks:

1. **General Risk**
    a. **The risk of not extending the concessions:** The Group operates each of its ports under long-term concession agreements, including BOT agreements, with the state owner of the port. For the ports where the Group does not have the contractual right to extend these fixed-term agreements, it would need to apply for an extension before they expire. Granting these applications would be at the discretion of the state owner of the relevant port, and there can be no certainty that any of the Group's concession agreements will be extended. For mitigation, the Group has in the past taken, and may continue to take, formal legal processes relating to the extension of concession processes. For example, the Group is legally engaged over the renewal of the concession terms for Port Akdeniz, Antalya, Ege Port, Kuşadası and Bodrum Cruise Port, As another example, in Spain, Creuers is entitled to apply for the extension of the Adossat agreement period
    b. **Complex regulatory environment and changes may affect the Group's business:** The Group must satisfy a range of legal requirements, across the countries it operates. Although the Group seeks to continue to comply with all relevant laws, regulations and the terms of its concession agreements, licences and permits, failure to do so could result in significant administrative or civil penalties. Having local management teams, fully conversant with their country and language, and have a detailed knowledge of applicable local regulations, as well as the Group's internal audit practices, the Group reviews if obligations are being met.
    c. **Reputation risk due to fraud and bribery**: GPH has a zero-tolerance policy on corruption of any sort. Anti-Bribery and Corruption Policy is an integral part of the Company's directives and/or policies that have been approved by the Board of Directors. The Group has also adopted a Code of Ethics that is intended to improve service quality, the effective use of resources, prevent unfair competition, organise relationships among employees, and set standards for fraud prevention. Additionally,

the Audit and Risk Committee advises the Board on, and reviews, the Company's procedures for detecting fraud and the prevention of bribery and corruption.

d. **The risk of not being fully covered by insurance**: The Group has actively studied actions that are within its control to pre-empt and mitigate these types of operational risks, which have been formalised into the GPH Security Code and GPH Health, Safety & Environment policy. Both were published in 2017. In addition, the Group carries out a security audit through our internal audit department.

2. Risks relating to the Group's cruise port operations

a. **Demand for cruise port services is sensitive to macroeconomic conditions**: The Group's cruise port operations depend on consumer demand from cruise passengers, and economic uncertainty and the spending power of these passengers are influenced by factors beyond the Group's control. However, experience has shown that even in the financial crisis in 2007/2008, cruise bookings remained resilient. Holidays are high-priority for many people, and when spending is tight, cruising delivers vacations within a pre-defined budget. Also, cruise lines will go to great lengths to fill their ships, from aggressive price reductions to re-deploying vessels to other regions.

b. **Demand for cruise port services can be influenced by trends and perceptions beyond the Group's control such as safety**: In order to diversify risks, GPH's expansion strategy includes acquiring marquee ports in other important cruise areas such as the Americas including the Caribbean. As cruise lines diversify into areas with a good safety perception, the Group's aim is that if we lose business in one place, we can regain it in another. This is exactly what happened following turmoil in the Eastern Mediterranean; GPH ports in the Western Mediterranean gained instead. For any ports that have a negative safety perception, GPH has direct contact with cruise lines to show the security measures applied, both in the port and the wider destination.

c. **Duty-free and ancillary revenues may be affected by economic or regulatory changes:** GPH management actively tracks duty-free operations, including those operated by third parties, and focuses on increasing passenger satisfaction inside the terminals. Refurbishing and refreshing duty-free and other retail areas is a priority. GPH also protects against the effects of decreasing passenger numbers on revenues by agreeing minimum guaranteed rents with third party retail tenants.

d. **The Group's cruise ports could face competition, primarily within the Mediterranean:** There can be no assurance that long-term changes in cruise itineraries will not result in increased competition in the future. GPH's acquisition strategy has been selective, choosing 'marquee' ports (such as Barcelona, Venice, Lisbon, Kuşadasi and Valletta) which are less susceptible to being replaced by others. These are complemented by GPH's other ports, which enable GPH to offer commercial incentives to cruise lines when they include several GPH ports in the same itinerary.

3. **Risks relating to the Group's commercial port operations**
    a. **External factors may affect demand at the Group's commercial ports:** central risk mitigation strategy is to diversify the types of cargo we handle, and their destinations. GPH's commercial ports are actively working to identify new cargo types and new customers. Furthermore, the Group's share of imports, particularly in Antalya, is low and the objective is to increase this share through marketing to local customers. Another mitigating factor is that Antalya exports cargo volumes that are abundantly available.
    b. **Barriers to trade may adversely affect the Group's commercial ports:** The normal free-flow of goods can be interrupted by external factors ranging from international trade disputes to restrictions on imports or exports, and mitigation of these risks lies in diversification.
    c. **The Group's commercial ports may face increased competition:** For Port Akdeniz in Antalya, an external risk mitigation is geography, while the hinterland features the largest marble and mining reserves in Turkey.. The nearest ports are Izmir and Mersin / Iskenderun, but they are too far away to compete with Antalya. There is limited leakage to these ports because of high land transportation costs. Port of Adria, is Montenegro's main seaport. The Group does not know of any new port developments, but it monitors closely for proposed plans.
    d. **Safety and environmental risks specific to cargo handling:** Heavy industry such as cargo handling brings attendant risks of accidents, whether to people or to the environment. The safety of people is non-negotiable, and The Group is committed to act with the utmost care in its environments. GPH has been active in raising standards with the creation of a groupwide HSE manual. The Group has also implemented a plan of environmental and social mitigation, prepared in line with EBRD's Environmental and Social Action Plan (ESAP).
4. **Risks relating to the Group's investments and strategy**
    a. **The Group may not be able to achieve its growth strategy:** The investment universe of GPH, with very limited competition from mainly local players, is extremely wide and diverse in terms of available ports in all regions.
    b. **The Group is exposed to risks related to integrating new ports:** induction process is well established and based on solid experience. The target is to have clear plans on human resources, operations, financial reporting, policies and procedures before the takeover of a port. During the process, the finance, operations

and business development departments of the company work in harmony to transfer the best practices to the new business.

c. **The risks of additional indebtedness:** Management controls the Group's debt levels on a regular basis, using KPIs such as gross debt to EBITDA and net debt to EBITDA. The Group does not have significant capex requirements that would lead to increased indebtedness on its current financials. A high cash conversion rate on operations, with low working capital requirements, has a positive impact on Group indebtedness levels.

Key Corporate Events Post 2017 Year-End

Port of Adria - EBRD Loan Agreement:

Port of Adria signed a loan agreement with EBRD for a total of €20 million to modernize its facilities. The majority of these modernization investments have already been completed. Accordingly this loan will be refinancing those investments and will essentially be net-debt neutral.

In the long term, Port of Adria is aiming to transform its terminals at Montenegro into a hub that can be used as an intermediate destination by trucks travelling between Western Europe and Turkey. The Company is also planning to increase the volume of Serbian cargo as the rail link between Belgrade and the city of Bar is being refurbished.

In addition, Port of Adria is exploring ways to increase the role the port is playing in Montenegro's tourism, a sector which remains constrained by the underdeveloped transport infrastructure.

Director's Responsibility Statement

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2017. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and

the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 11 March 2018 and is signed on its behalf by:

Mehmet Kutman

Chairman

Global Ports Holding PLC and its Subsidiaries

Consolidated income statement

For the years ended 31 December 2017 and 2016

	Note	Year ended 31 December 2017 (USD '000)	Year ended 31 December 2016 Restated* (USD '000)
Revenue	*4*	116,366	114,869
Cost of sales	*4*	(75,548)	(72,083)
Gross profit		**40,818**	**42,786**
Other income		2,228	477
Gain on bargain purchase	*3*	--	131
Selling and marketing expenses		(1,296)	(808)
Administrative expenses	*5*	(16,375)	(16,204)
Other expenses		(14,440)	(5,508)
Operating profit		**10,935**	**20,874**
Finance income	*6*	15,778	17,509
Finance costs	*6*	(39,793)	(35,272)
Net finance costs		**(24,015)**	**(17,763)**
Share of profit of equity-accounted investees		2,548	2,219
(Loss) / Profit before tax		**(10,532)**	**5,330**
Tax benefit / (expense)	*9*	(3,599)	(925)
(Loss) / Profit for the year		**(14,131)**	**4,405**
(Loss) / Profit for the year attributable to:			
Owners of the Company		(15,576)	2,338
Non-controlling interests		1,445	2,067
		(14,131)	**4,405**

(*) As set out in note 3, the Group acquired three Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalized during 2017 giving rise to a previously unrecognized gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures.

	Note	Year ended 31 December 2017 (USD ‘000)	Year ended 31 December 2016 Restated* (USD ‘000)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		(23)	50
Income tax relating to items that will not be reclassified subsequently to profit or loss	*9*	5	(10)
		(18)	**40**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		41,699	25,182
Cash flow hedges - effective portion of changes in fair value		(55)	(530)
Cash flow hedges – realized amounts transferred to income statement		389	345
Losses on a hedge of a net investment		(13,389)	(47,656)
		28,644	**(22,659)**
Other comprehensive income / (loss) for the year, net of income tax		**28,626**	**(22,619)**
Total comprehensive income / (loss) for the year		**14,495**	**(18,214)**
Total comprehensive income / (loss) attributable to:			
Owners of the Company		2,231	(17,687)
Non-controlling interests		12,264	(527)
		14,495	**(18,214)**
Basic and diluted earnings per share (cents per share)	*14*	**(26.01)**	**4.25**

(*) As set out in note 3, the Group acquired three Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalized during 2017 giving rise to a previously unrecognized gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures.

Global Ports Holding PLC and its Subsidiaries

Consolidated statement of financial position
For the years ended 31 December 2016 and 2017

	Note	As at 31 December 2017 (USD ‘000)	As at 31 December 2016 Restated* (USD ‘000)
Non-current assets			
Property and equipment	*7*	134,664	115,765
Intangible assets	*8*	433,075	432,642
Goodwill		14,088	12,405
Equity-accounted investees		22,004	17,168
Other investments		6	8
Deferred tax assets	*9*	1,695	3,111
Other non-current assets		5,022	8,700
		610,554	**589,799**
Current assets			
Trade and other receivables		15,702	11,922
Due from related parties		1,599	31,501
Other investments		14,728	14,602
Other current assets		4,947	5,797
Inventories		1,714	1,294
Prepaid taxes		2,932	1,815
Cash and cash equivalents	*10*	99,448	44,310
		141,070	**111,241**
Total assets		**751,624**	**701,040**
Current liabilities			
Loans and borrowings	*12*	44,878	42,982
Other financial liabilities	*17*	--	140
Trade and other payables		15,862	14,463
Due to related parties	*16*	483	581
Current tax liabilities	*17*	2,217	1,814
Provisions		1,202	1,492
		64,642	**61,472**
Non-current liabilities			
Loans and borrowings	*12*	296,842	296,307
Other financial liabilities	*17*	2,662	2,525
Derivative financial liabilities	*17*	852	1,131
Deferred tax liabilities	*9*	99,879	98,489
Provisions		21,081	16,545
Employee benefits		936	1,287
		422,252	**416,284**
Total liabilities		**486,894**	**477,756**
Net assets		**264,730**	**223,284**
Equity			
Share capital	*11*	811	33,836
Share premium account	*11*	--	54,539
Legal reserves	*11*	13,012	12,424
Hedging and translation reserves		14,863	(2,962)
Retained earnings		143,148	43,752
Equity attributable to equity holders of the Company		**171,834**	**141,589**
Non-controlling interests		**92,896**	**81,695**
Total equity		**264,730**	**223,284**

(*) As set out in note 3, the Group acquired three Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalized during 2017 giving rise to a previously unrecognized gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures.

Global Ports Holding PLC and its Subsidiaries

Consolidated statement of changes in equity
For the year ended 31 December 2017

(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 2017		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,764**	**43,622**	**141,477**	**80,588**	**222,065**
Impact of finalization of acquisition accounting (*)		--	--	--	--	(18)	131	**113**	1,107	**1,220**
Restated balance at 1 January 2017		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,746**	**43,753**	**141,590**	**81,695**	**223,285**
(Loss) / income for the year		--	--	--	--	--	(15,576)	**(15,576)**	1,445	**(14,131)**
Other comprehensive (loss) / income for the year		--	--	--	(13,055)	30,880	(18)	**17,807**	10,819	**28,626**
Total comprehensive (loss) / income for the year		**--**	**--**	**--**	**(13,055)**	**30,880**	**(15,594)**	**2,231**	**12,264**	**14,495**
Transactions with owners of the Company										
Group restructuring		320,969	(54,539)	--	--	--	(266,430)	**--**	--	**--**
Issuance of shares on IPO		50,492	22,543	--	--	--	--	**73,035**	--	**73,035**
Share capital reduction		(404,486)	(22,543)	--	--	--	427,029	**--**	**--**	**--**
Transfer to legal reserves		--	--	588	--	--	(588)	**--**	**--**	**--**
Dividends		--	--	--	--	--	(45,022)	**(45,022)**	(1,063)	**(46,085)**
Total contributions and distributions		**(33,025)**	**(54,539)**	**588**	**--**	**--**	**114,989**	**28,013**	**(1,063)**	**26,950**
Total transactions with owners of the Company		**(33,025)**	**(54,539)**	**588**	**(13,055)**	**30,880**	**99,395**	**30,244**	**11,201**	**41,445**
Balance at 31 December 2017		**811**	**--**	**13,012**	**(135,763)**	**150,626**	**143,148**	**171,834**	**92,896**	**264,730**

(*) As set out in note 3, the Group acquired three Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalized during 2017 giving rise to a previously unrecognized gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures.

Global Ports Holding PLC and its Subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December 2016

Restated * **USD '000**	***Note***	**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		--	--	--	--	--	2,338	**2,338**	2,067	**4,405**
Other comprehensive income / (loss) for the year		--	--	--	(47,841)	27,776	40	**(20,025)**	(2,594)	**(22,619)**
Total comprehensive income / (loss) for the year		**--**	**--**	**--**	**(47,841)**	**27,776**	**2,378**	**(17,686)**	**(527)**	**(18,214)**
Transactions with owners of the Company										
Transfer to legal reserves		--	--	2,507	--	--	(2,507)	**--**	--	**--**
Dividends		--	--	--	--	--	(34,607)	**(34,607)**	(3,010)	**(37,618)**
Total contributions and distributions		**--**	**--**	**2,507**	**--**	**--**	**(37,114)**	**(34,607)**	**(3,010)**	**(37,618)**
Changes in ownership interests										
Acquisition of subsidiary	*6*	--	--	--	--	--	--	**--**	1,292	**1,292**
Total changes in ownership interests		**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1,292**	**1,292**
Total transactions with owners of the Company		**--**	**--**	**2,507**	**(47,841)**	**27,776**	**(34,735)**	**(52,293)**	**(2,246)**	**(54,540)**
Balance at 31 December 2016 (*)		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,746**	**43,752**	**141,589**	**81,695**	**223,284**

(*) As set out in note 3, the Group acquired three Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalized during 2017 giving rise to a previously unrecognized gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures.

Global Ports Holding PLC and its Subsidiaries

Consolidated cash flow statement
For the years ended 31 December 2017 and 2016

	Note	**Year ended 31 December 2017 (USD '000)**	**Year ended 31 December 2016 Restated* (USD '000)**
Cash flows from operating activities			
(Loss) / Profit for the year		(14,131)	4,405
Adjustments for:			
Depreciation and amortisation expense	*7,8*	42,779	40,556
Bargain purchase gain	*3*	--	(131)
Share of profit of equity-accounted investees, net of tax		(2,548)	(2,219)
Gain on disposal of property plant and equipment		(148)	(2)
Finance costs (excluding foreign exchange differences)		26,910	27,237
Finance income (excluding foreign exchange differences)		(2,752)	(3,920)
Foreign exchange differences on finance costs and income, net		(143)	(5,553)
Income tax (benefit) / expense		3,599	925
Employment termination indemnity reserve		253	172
Provisional charges		3,103	3,739
Operating cash flow before changes in operating assets and liabilities		**56,922**	**65,209**
Changes in:			
- trade and other receivables		(3,486)	(485)
- other current assets		(689)	(1,205)
- related party receivables		(5)	3
- other non-current assets		1,785	3,189
- trade and other payables		1,120	776
- related party payables		(131)	(53)
- provisions		(1,237)	(1,524)
Cash generated by operations before benefit and tax payments		**54,279**	**65,910**
Employee benefits paid		(127)	(229)
Income taxes paid	*10*	(8,127)	(4,478)
Net cash generated from operating activities		**46,025**	**61,203**
Investing activities			
Acquisition of property and equipment	*7*	(13,279)	(8,296)
Acquisition of intangible assets	*8*	(596)	(99)
Proceeds from sale of property and equipment		360	38
Bond and short-term investment income		1,381	4,497
Bank interest received		971	600
Investment in equity-accounted investee		--	(8,576)
Acquisition of subsidiary (net)	*3*	--	(2,181)
Advances given for tangible assets		(319)	(2,247)
Net cash (used in)/from investing activities		**(11,482)**	**(16,264)**
Financing activities			
Increase in share capital		73,035	--
Cash inflow from related parties		28,856	1,812
Cash outflow to related parties		(52)	(9)
Dividends paid to equity owners		(45,022)	(34,607)
Dividends paid to NCIs		(1,063)	(3,010)
Interest paid		(25,519)	(26,255)
Proceeds from borrowings		26,534	12,486
Repayments of borrowings		(35,738)	(17,608)
Net cash (used in)/from financing activities		**21,031**	**(67,191)**
Net increase / (decrease in cash and cash equivalents		**55,574**	**(22,252)**
Effect of foreign exchange rate changes on cash and cash equivalents		(435)	(10,861)
Cash and cash equivalents at beginning of year	*10*	44,309	77,423
Cash and cash equivalents at end of year	*10*	**99,448**	**44,310**

(*) In accordance with IAS 7 'Statement of Cash Flow' the Group has included restricted cash of USD 7,583 thousand (2016: USD 5,953 thousand). The comparative has been restated to be on a consistent basis.

1 Basis of preparation

The financial information for the year ended 31 December 2017 contained in this News Release was approved by the Board on 11 March 2018. This announcement does not constitute statutory financial statements of the Company within the meaning of Section 435 of the Companies Act 2006, but is derived from those financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use by the European Union

The information is prepared under the historical cost method except where other measurement bases are required to be applied under IFRS, using all standards and interpretations required for financial periods beginning 1 January 2017. No standards or interpretations have been adopted before the required implementation date. Whilst the financial information included within this announcement has been prepared in accordance with the recognition and measurement critiera of IFRS, it does not comply with all disclosure requirements.

Global Ports Holding PLC is a public company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is 100 New Bridge Street, London EC4V 6JA, United Kingdom. Global Ports Holding PLC is the parent company of Global Liman Isletmeleri A.S. and its subsidiaries (the “Existing Group”). The ultimate holding company is Global Yatırım Holding.

On 17 May 2017, the Group completed the initial public offering (“IPO”) of its ordinary shares and was admitted to the standard listing segment of the Official List of the Financial Conduct Authority (“FCA”) and is trading on the main market of the London Stock Exchange.

As part of a restructuring accompanying the IPO of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the parent company of the Group by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a group reconstruction under merger accounting. The results for the Group for the period from 1 January 2017 to 31 December 2017 have been presented as if Global Ports Holding PLC was the parent company from 1 January 2017. The prior year comparatives reflect the consolidated results of the Group under Global Liman Isletmeleri A.S.

Statutory financial statements for the year ended 31 December 2017, which have been prepared on a going concern basis, will be delivered to the Registrar of Companies in due course. The auditor has reported on those financial statements. Their report was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2 Segment reporting

a) Products and services from which reportable segments derive their revenues

The Group operates various cruise and commercial ports and all revenue is generated from external customers such as cruise liners, ferries, yachts, individual passengers, container ships and bulk and general cargo ships.

b) Reportable segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, in deciding how to allocate resources and assessing performance.

The Group has identified each port as an operating segment, as each port represents a set of activities which generates revenue and the financial information of each port is reviewed by the Group's chief operating decision-maker in deciding how to allocate resources and assess performance. The Group's chief operating decision-maker is the Chief Executive Officer ("CEO"), who reviews the management reports of each port at least on a monthly basis.

The CEO evaluates segmental performance on the basis of earnings before interest, tax, depreciation and amortisation excluding the effects of exceptional and other non-cash income and expenses comprising project expenses, bargain purchase gains and reserves, board member leaving fees, employee termination payments, unallocated expenses, finance income, finance costs, and including the share of equity-accounted investees which is fully integrated into GPH cruise port network ("Adjusted EBITDA" or "Segmental EBITDA"). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

- BPI ("Creuers" or "Creuers (Barcelona and Málaga)"), VCP ("Valetta Cruise Port"), Ege Liman ("Ege Ports-Kuşadası"), Bodrum Liman ("Bodrum Cruise Port"), Ortadoğu Liman (Cruise port operations), POH, Lisbon Cruise Terminals, LDA ("Port of Lisbon" or "Lisbon Cruise Port"), SATS – Creuers Cruise Services Pte. Ltd. ("Singapore Port"), Venezia Investimenti Srl. ("Venice Investment" or "Venice Cruise Port") and La Spezia Cruise Facility Srl. ("La Spezia") which fall under the Group's cruise port operations.
- Ortadoğu Liman (Commercial port operations) ("Port Akdeniz-Antalya") and Port of Adria ("Port of Adria-Bar") which both fall under the Group's commercial port operations.

The Group's reportable segments under IFRS 8 are BPI, VCP, Ege Liman, Ortadoğu Liman (Commercial port operations) and Port of Adria. Segments that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other.

Global Depolama does not generate any revenues and therefore is presented as unallocated to reconcile to the consolidated financial statements results.

Ravenna, Cagliari and Catania (consolidated under POH) were acquired at the end of 2016, therefore they did not generate any revenue for the Group in 2016.

Assets, revenue and expenses directly attributable to segments are reported under each reportable segment.

Any items which are not attributable to segments have been disclosed as unallocated.

2 Segment reporting *(continued)*

b) Reportable segments *(continued)*

(i) Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit before tax by reportable segment:

USD '000	BPI	VCP	Ege Liman	Other	*Total Cruise*	Ortadoğu Liman	Port of Adria	*Total Commercial*	Total
31 December 2017									
Revenue	27,376	12,916	4,819	5,165	*50,276*	58,549	7,541	*66,090*	116,366
Segmental EBITDA	17,558	6,826	2,954	4,877	*32,215*	46,436	1,855	*48,291*	80,506
Unallocated expenses									(5,230)
Adjusted EBITDA									75,277
Reconciliation to profit before tax									
Depreciation and amortisation expenses									(42,779)
Exceptional & other non-cash items(*)									(19,015)
Finance income									15,778
Finance costs									(39,793)
(Loss) before income tax									**(10,532)**
31 December 2016									
Revenue	27,113	11,838	11,650	3,033	*53,634*	53,351	7,884	*61,235*	*114,869*
Segmental EBITDA	18,032	5,859	8,976	4,050	*36,917*	41,288	2,728	*44,016*	*80,933*
Unallocated expenses									*(5,010)*
Adjusted EBITDA									*75,923*
Reconciliation to profit before tax									
Depreciation and amortisation expenses									(40,556)
Exceptional & other non-cash items(*)									(12,276)
Finance income									17,511
Finance costs									(35,272)
Profit before income tax									**5,330**

(*) As of 31 December 2017, exceptional and other non-cash items totalled USD 19,015 thousand. These comprised of IPO costs of USD 9,768 thousand (31 December 2016: USD nil), project costs (mostly relating to bidding for new port operations) of USD 4,734 thousand (31 December 2016: USD 5,306 thousand), employee termination expenses amounting to USD 250 thousand (31 December 2016: USD 1,758 thousand), other provisions reversed amounting to a gain of USD 636 thousand (31 December 2016: a loss of USD 853 thousand), replacement provision expenses amounting USD 2,078 thousand (31 December 2016: USD 2,600 thousand), other expenses consists of donations, insurance, commissions amounting to USD 627 thousand (31 December 2016: USD 1,889 thousand) and personnel premiums related based on success for the Group's listing on LSE which completed on 17 May 2017 amounting USD 1,841 thousand (31 December 2016: none).

The Group did not have inter-segment revenues in any of the periods shown above.

2 Segment reporting *(continued)*

b) Reportable segments *(continued)*

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment for the years ended:

USD '000	BPI	VCP	Ege Liman	Other	*Total Cruise*	Ortadoğu Liman	Port of Adria	*Total Commercial*	Total
31 December 2017									
Segment assets	164,043	115,673	55,965	13,900	*349,581*	234,902	70,526	*305,428*	655,009
Equity-accounted investees	--	--	--	22,004	*22,004*	--	--	--	22,004
Unallocated assets									74,611
Total assets									**751,624**
Segment liabilities	98,490	37,471	13,285	5,069	*154,315*	53,333	8,157	*61,490*	215,804
Unallocated liabilities									271,090
Total liabilities									**486,894**
31 December 2016									
Segment assets	146,068	101,804	53,066	16,228	*317,166*	250,527	59,127	*309,654*	626,820
Equity-accounted investees	--	--	--	17,168	*17,168*	--	--	--	17,168
Unallocated assets									57,052
Total assets									**701,040**
Segment liabilities	88,696	35,075	12,942	6,487	*143,200*	50,840	9,630	*60,470*	203,670
Unallocated liabilities									274,085
Total liabilities									**477,755**

2 Segment reporting *(continued)*

b) Reportable segments *(continued)*

(iii) Other segment information

The following table details other segment information for the years ended:

USD '000	BPI	VCP	Ege Liman	Other	*Total Cruise*	Ortadoğu Liman	Port of Adria	*Total Commercial*	Unallocated	Total
31 December 2017										
Depreciation and amortisation expenses	(10,869)	(2,582)	(2,788)	(3,119)	*(19,358)*	(20,742)	(2,514)	*(23,256)*	(165)	*(42,779)*
Additions to non-current assets (*)										
- Capital expenditures	209	801	3,448	1,447	*5,905*	2,851	6,581	*9,432*	467	*15,804*
- Other	--	--	--	--	--	--	--	--	--	--
Total additions to non-current assets (*)	**209**	**801**	**3,448**	**1,447**	***5,905***	**2,851**	**6,581**	***9,432***	**467**	***15,804***
31 December 2016										
Depreciation and amortisation expenses	(10,572)	(2,356)	(2,543)	(2,205)	(17,676)	(20,589)	(2,177)	(22,766)	(114)	(40,556)
Additions to non-current assets (*)										
- Capital expenditures	126	1,960	1,255	4	3,345	1,400	4,009	5,409	261	9,015
- Other	--	--	--	--	--	--	--	--	6,561	6,561
Total additions to non-current assets (*)	**126**	**1,960**	**1,255**	**4**	**3,345**	**1,400**	**4,009**	**5,409**	**6,822**	**15,576**

(*) Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees).

2 Segment reporting *(continued)*

b) Reportable segments *(continued)*

(iv) Geographical 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 Singapore. The geographic information below analyses the Group's revenue and non-current assets by countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment non-current assets were based on the geographic location of the assets.

Revenue	**Year ended 31 December 2017 (USD '000)**	**Year ended 31 December 2016 (USD '000)**
Turkey	66,009	68,034
Montenegro	7,541	7,884
Malta	12,916	11,838
Spain	27,376	27,113
Italy	2,524	--
	116,366	**114,869**

Non-current assets	**As at 31 December 2017 (USD '000)**	**As at 31 December 2016 (USD '000)**
Turkey	265,791	277,845
Spain	144,939	137,601
Malta	100,632	90,321
Montenegro	67,416	56,094
Italy	7,960	7,659
UK	117	--
	586,855	**569,520**

Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees).

(v) Information about major customers
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.

3 Acquisition of subsidiary

Acquisition of Ravenna, Cagliari and Catania Cruise Ports

The Group acquired 67.55% shares of Cagliari Passenger Terminal, 59.05% shares of Catania Passenger Terminal on 18 October 2016 and 51% shares of Ravenna Passenger Terminal on 22 September 2016 (together "the acquisition date") in Italy, for a total cash consideration of USD 2,411 thousand and provisionally fair valued the related port operations right at USD 6,561 thousand recognised in the consolidated balance sheet.

The acquisitions of Ravenna, Cagliari, and Catania were completed as part of the Group's plans to increase port investments overseas and expand its port portfolio overseas.

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.

(i) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

As at 30 November 2016 (acquisition date)	***Note***	**Provisional fair values USD'000**	**Adjustments USD'000**	**Final fair value USD '000**
Property and equipment	*12*	939	--	939
Intangible assets	*13*	136	6,561	6,697
Other assets		236	--	236
Trade and other receivables		678	--	678
Cash and cash equivalents		230	--	230
Loans and borrowings		(604)	--	(604)
Trade and other payables		(1,031)	--	(1,031)
Deferred tax liabilities		--	(1,317)	(1,317)
Provisions		--	(1,980)	(1,980)
Employee termination indemnity		(14)	--	(14)
Total identifiable net assets acquired		**570**		**3,834**

The adjustments have been made retrospectively, restating 2016 financial information.

The gross contractual amount of receivables of Ravenna, Cagliari, and Catania as of the acquisition date is USD 678 thousand and there are no contractual cash flows which are not expected to be collected.

(ii) Gain on bargain purchase

The gain on bargain purchase arising from the acquisition of Ravenna, Cagliari, and Catania has arisen as follows:

***As at the acquisition date (*USD '000)**	***Note***	**Provisional accounting**	**Final accounting**
Consideration paid	*(a)*	2,411	2,411
Fair value of identifiable net assets acquired (100%)	*(a)(i)*	(570)	(3,834)
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Ravenna, Cagliari, and Catania		269	1,292
Goodwill / (Gain on bargain purchase)		**2,110**	**(131)**

USD 131 thousand gain on bargain purchase has been recognised in the profit and loss statement for the year ended 31 December 2016.

3 Acquisition of subsidiary *(continued)*

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

(iii) Net cash outflow on the acquisition of Ravenna, Cagliari, and Catania

	USD '000
Consideration paid:	2,411
Cash associated with acquired assets	(230)
Net cash outflow	**2,181**

(iv) Impact of acquisition on results of the Group

The financial statements of all three companies for the year ended 31 December 2016 has been included in the consolidated financial statements. If the acquisitions had occurred on 1 January 2016, management estimates that consolidated revenue would have been USD 116,482 thousand, and consolidated profit for the year would have been USD 4,393 thousand higher.

4 Revenue and cost of sales

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

	2017 (USD '000)	2016 (USD '000)
Container revenue	43,560	39,529
Landing fees	31,676	31,148
Port service revenue	12,145	14,458
Rental income	8,140	9,586
Cargo revenue	14,603	13,452
Income from duty free operations	4,528	5,025
Domestic water sales	848	973
Other revenue	866	698
Total	**116,366**	**114,869**

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

	2017 (USD '000)	2016 (USD '000)
Depreciation and amortization expenses	39,507	37,575
Personnel expenses	14,329	13,789
Cost of inventories sold	2,590	3,201
Commission fees to government authorities and pilotage expenses	3,204	3,204
Replacement provision	2,078	1,939
Security expenses	1,940	1,866
Repair and maintenance expenses	1,808	1,716
Subcontractor lashing expenses	1,624	1,415
Subcontractor crane expenses	1,408	1,368
Container transportation expenses	964	600
Insurance expenses	987	1,102
Fuel expenses	842	642
Port energy usage expenses	747	786
Shopping mall expenses	660	159
Fresh water expenses	602	601
Port rental expenses	571	154
Waste removal expenses	192	215
Other expenses	1,495	1,751
Total	**75,548**	**72,083**

5 Administrative expenses

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

	2017 (USD '000)	2016 (USD '000)
Personnel expenses	4,917	5,591
Depreciation and amortization expenses	3,272	2,981
Consultancy expenses	3,497	2,879
Representation expenses	1,205	882
Taxes other than on income	662	732
Travelling expenses	543	687
Communication expenses	275	252
IT expenses	271	260
Vehicle expenses	151	154
Office operating expenses	112	92
Insurance expenses	114	29
Stationery expenses	87	115
Rent expenses	77	70
Repair and maintenance expenses	42	50
Allowance for doubtful receivables	307	680
Other expenses	843	750
Total	**16,375**	**16,204**

The analysis of the auditor's remuneration is as follows:

	2017 USD '000	2016 USD '000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	398	-
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries	157	161
Total audit fees	***555***	***161***
- Audit-related assurance services	259	18
- Tax compliance services	4	199
- Corporate finance services	677	-
Total non-audit fees	***940***	***217***
Total fees	**1,495**	**378**

Corporate finance services noted relate to reporting accountant work performed as part of the Group's IPO during 2017.

6 Finance income and costs

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

Finance income	2017 (USD '000)	2016 (USD '000)
Other foreign exchange gains	13,026	13,590
Interest income on marketable securities (*)	1,490	1,928
Interest income on related parties	--	891
Interest income on banks and others	973	568
Interest income from housing loans	32	32
Gain on sale of marketable securities	15	408
Other income	242	92
Total	**15,778**	**17,509**

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

The income from financial instruments within the category loans and receivables is USD 2,495 thousand (31 December 2016: USD 3,419 thousand). Income from financial instruments within the category fair value through profit and loss is nil (31 December 2016: nil).

6 Finance income and costs *(continued)*

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

Finance costs	2017 (USD '000)	2016 (USD '000)
Interest expense on loans and borrowings	25,598	26,153
Foreign exchange losses on loans and borrowings	12,608	4,793
Other foreign exchange losses	275	3,244
Other interest expenses	323	435
Letter of guarantee commission expenses	190	14
Loan commission expenses	79	53
Loss on sale of marketable securities	--	3
Unwinding of provisions during the year	373	528
Other costs	347	49
Total	**39,793**	**35,272**

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 25,625 thousand (31 December 2016: USD 26,588 thousand).

7 Property and equipment

Movements of property and equipment for the year ended 31 December 2017 comprised the following:

USD '000

Cost	**1 January 2017**	**Additions**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Leasehold improvements	98,310	2,875	(163)	5,062	--	15,606	121,690
Machinery and equipment	41,212	2,281	(563)	9,468	--	829	53,227
Motor vehicles	16,849	252	(4)	--	--	1,496	18,593
Furniture and fixtures	7,387	566	(5)	28	--	1,290	9,266
Construction in progress	5,753	9,234	--	(14,762)	--	1,371	1,596
Land improvement	8	1	--	151	--	(9)	151
Total	**169,519**	**15,209**	**(735)**	**(53)**	**--**	**20,584**	**204,523**

Accumulated depreciation	**1 January 2017**	**Depreciation expense**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Leasehold improvements	20,720	4,349	--	--	--	3,011	28,080
Machinery and equipment	22,344	3,839	(525)	--	--	583	26,241
Motor vehicles	7,178	1,465	--	--	--	498	9,141
Furniture and fixtures	3,511	1,052	--	--	--	890	5,453
Land improvement	1	429	--	--	--	514	944
Total	**53,754**	**11,134**	**(525)**	**--**	**--**	**5,496**	**69,859**
Net book value	**115,765**		**(210)**	**(53)**	**--**	**15,088**	**134,664**

7 Property and equipment *(continued)*

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

USD '000

Cost	1 January 2016	Additions	Disposals	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	3,668	2,841	(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	depreciation expense	Disposals	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	0	--	--	--	--	1
Total	**44,667**	**10,199**	**(230)**	**--**	**--**	**(883)**	**53,753**
Net book value	**119,771**		**(38)**	**(499)**	**939**	**(3,125)**	**115,765**

(*) See Note 3.

7 Property and equipment *(continued)*

As at 31 December 2017, the net book value of machinery and equipment purchased through leasing amounts to USD 2,064 thousand (31 December 2016: USD 2,438 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 9,428 thousand (31 December 2016: USD 9,829 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 124 thousand (31 December 2016: USD 190 thousand). In 2017, no capital expenditure was made through finance leases (31 December 2016: USD 620 thousand).

As at 31 December 2017 and 2016, according to the "TOORA" and "BOT" tender agreements signed with the 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.

For the years ended 31 December 2017 and 2016, there are no borrowing costs capitalised into property and equipment.

As at 31 December 2017, the insured amount of property and equipment amounts to USD 265,598 thousand (31 December 2016: USD 202,880 thousand).

8 Intangible assets

Movements of intangible assets for the year ended 31 December 2017 comprised the following:

USD '000

Cost	**1 January 2017**	**Additions**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Port operation rights	579,520	--	--	--	--	36,891	616,411
Customer relationships	3,622	--	--	--	--	491	4,113
Software	592	529	(2)	--	--	36	1,155
Other intangibles	716	66	--	53	--	54	889
Total	**584,450**	**595**	**(2)**	**53**	**--**	**37,472**	**622,568**

Accumulated amortisation	**1 January 2017**	**Amortisation expense**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Port operation rights	148,751	31,032	--	--	--	5,669	185,452
Customer relationships	2,492	323	--	--	--	358	3,173
Software	348	136	--	--	--	8	492
Other intangibles	217	154	--	--	--	5	376
Total	**151,808**	**31,645**	**--**	**--**	**--**	**6,040**	**189,493**
Net book value	**432,642**	**(31,050)**	**(2)**	**53**	**--**	**31,432**	**433,075**

8 Intangible assets *(continued)*

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

USD '000 Cost	1 January 2016	Additions	Disposals	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2016
Port operation rights	581,908	--	--	--	6,561	(8,949)	579,520
Customer relationships	3,755	--	--	--	--	(133)	3,622
Software	381	51	--	--	136	24	592
Other intangibles	259	47	--	499	--	(90)	716
Total	**586,304**	**98**	**--**	**499**	**6,697**	**(9,148)**	**584,450**

Accumulated amortisation	1 January 2016	Amortisation expense	Disposals	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**	**(30,258)**	**--**	**499**	**--**	**(6,572)**	**432,642**

(*) See Note 3.

The details of Port operation rights for the years ended 31 December 2017 and 2016 are as follows:

	As at 31 December 2017		As at 31 December 2016	
USD '000	**Carrying Amount**	**Remaining Amortisation Period**	**Carrying Amount**	**Remaining Amortisation Period**
Barcelona Ports Investment	141,622	150 months	134,461	162 months
Valletta Cruise Port	68,339	587 months	61,409	599 months
Port of Adria	22,731	312 months	20,786	324 months
Port Akdeniz	177,433	128 months	194,067	140 months
Ege Ports	13,491	183 months	12,646	195 months
Bodrum Cruise Port	698	15 months	839	27 months
Port Operation Holding	6,644	106 months	6,560	118 months

9 Taxation

Corporate tax

<u>Turkey</u>

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

Advance corporate income tax payments are made on a quarterly basis and are offset against the final corporate income tax liability of the company for the period.

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 Turkish company that is included in the consolidation.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2016: 20%).

9 Taxation *(continued)*

Spain
The corporate tax rate for the years ended 31 December 2017 and 2016 are determined at 25%.

BPI files a consolidated income tax return for the Spanish companies, namely Creuers, Cruceros and BPI.

Losses can be carried forward indefinitely to offset future taxable income, subject to certain limitations. Losses cannot be carried back.

Other countries
The corporate tax rates in the Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Tax expense

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

	2017 (USD '000)	**2016 (USD '000)**
Current tax charge		
In respect of the current year	(8,947)	(5,500)
Benefit arising from unrecognised tax loss used to reduce current tax expense	--	--
Total	**(8,947)**	**(5,500)**
Deferred tax benefit		
In respect of the current year	5,348	4,576
Adjustment to deferred tax attributable to change in tax rates	--	--
Total	**5,348**	**4,576**
Total tax (expense)/benefit	**(3,599)**	**(925)**

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

	2017 (USD '000)	**2016 (USD '000)**
Current tax liability at 1 January	**1,814**	**1,900**
Current tax charge	8,947	5,500
Business combination effect (Note 3)	--	--
Currency translation difference	(416)	(1,109)
Taxes paid during year	(8,128)	(4,478)
Total	**2,217**	**1,814**

9 Taxation *(continued)*

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

	2017 (USD '000)	2016 (USD '000)
Profit before income tax	(10,532)	5,330
Tax using the Turkish corporate income tax rate of 20%	2,106	(1,040)
Effect of tax rates in foreign jurisdictions	(755)	(710)
Income from tax exempt maritime operations (*)	689	1,824
Recognition of previously unrecognised losses	6	827
Recognition of losses not recognised for deferred tax	(1,854)	(2,969)
Permanent differences	(4,589)	(2,712)
Impact of change in tax rate (**)	(108)	--
Disallowable expenses	(300)	(179)
Tax return filed based on Creuers acquisition (***)	420	3,091
Donations	(7)	1,167
Other	793	(225)
	(3,599)	**(925)**

(*) Income generated through the vessels covered by the Turkish International Ship Registry Law authorised on 16 December 1999 is not subject to income tax and expenses related to these operations as they are considered disallowable expenses.
(**) In Turkey, the rate for corporate income tax is scheduled to increase to 22% (up from 20%) for the tax periods 2018, 2019, and 2020. Prospective effect of this change was presented under impact of change in tax rate.
(***) A tax credit arose in BPI following a successful claim to the Spanish tax authorities to eliminate domestic double taxation arising on the 2013 and 2014 acquisitions of interests in Creuers.

Deferred tax

The balance comprises temporary differences attributable to:

	2017 (USD '000)	2016 (USD '000)
Property and equipment	1,651	1,805
Tax losses carried forward	6	1,551
Provision for employment termination indemnity and vacation pay	326	181
Property, plant and Equipment	(887)	(857)
Intangible assets	(97,151)	(95,857)
Other	(2,129)	(2,199)
Set-off of deferred tax assets pursuant to set-off provisions	(1,695)	(3,113)
Deferred tax liabilities	**(99,879)**	**(98,489)**

9 Taxation *(continued)*

Deferred tax (continued)

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated balance sheet:

USD'000	Property and equipment	Tax losses carried forward	Provision for employment termination indemnity and vacation pay	Intangible assets	Other	Total
At 1 January 2016	**1,274**	**1,347**	**355**	**(101,529)**	**(1,811)**	**(100,367)**
Charge/(credit) to profit or loss	(196)	510	(131)	5,212	(819)	4,576
Acquisition of subsidiary	64	--	--	(1,318)	--	(1,254)
Exchange differences	(194)	(306)	(43)	1,778	431	1,666
At 31 December 2016	**948**	**1,551**	**181**	**(95,857)**	**(2,199)**	**(95,376)**
Charge/(credit) to profit or loss	(243)	(1,602)	128	5,404	1,661	5,348
Acquisition of subsidiary	--	--	--	--	--	--
Exchange differences	60	58	17	(6,699)	(1,592)	(8,156)
At 31 December 2017	**765**	**7**	**326**	**(97,152)**	**(2,130)**	**(98,184)**

9 Taxation *(continued)*

Deferred tax (continued)

As at 31 December 2017 and 2016, the breakdown of the tax losses carried forward in terms of their final years of utilisation is as follows:

USD '000	**2017**		**2016**	
Expiry years of the tax losses carried forward	**Recognised**	**Unrecognised**	**Recognised**	**Unrecognised**
2017	--	--	--	3,049
2018	--	909	--	902
2019	--	6,709	--	6,655
2020	30	3,261	2,601	3,235
2021	--	2,694	6,435	2,672
2022	--	2,689	--	--
	30	**16,262**	**9,036**	**16,513**

Unrecognised deferred tax assets

At the reporting date, the Group has Turkey and Montenegro statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses do not expire until 2022. Deferred tax assets have not been recognised in respect of some portions of these items since it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Amounts recognised in OCI

USD '000	**2017**			**2016**		
	Before tax	**Tax (expense)/ benefit**	**Net of tax**	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**
Remeasurements of defined benefit liability	(23)	5	(18)	50	(10)	40
Foreign operations - foreign currency translation differences	41,699	--	41,699	25,182	--	25,182
Net investment hedge	(13,389)		(13,389)	(47,656)	--	(47,656)
Cash flow hedges	334	--	334	(185)		(185)
Total	**28,621**	**5**	**28,626**	**(22,609)**	**(10)**	**(22,619)**

10 Cash and cash equivalents

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

	2017 (USD '000)	2016 (USD '000)
Cash on hand	69	69
Cash at banks	99,379	44,241
- Demand deposits	*19,285*	*13,820*
- Time deposits	*60,786*	*30,308*
- Overnight deposits	*19,308*	*113*
Cash and cash equivalents	**99,448**	**44,310**

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

	2017 (USD '000)	2016 (USD '000)
Up to 1 month	60,786	30,216
1-3 months	--	92
Total	**60,786**	**30,308**

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

	2017	2016
Interest rate for time deposit-TL (highest)	13.25%	6.75%
Interest rate for time deposit-TL (lowest)	10.25%	6.75%
Interest rate for time deposit-USD (highest)	2.50%	0.35%
Interest rate for time deposit-USD (lowest)	1.21%	0.35%
Interest rate for time deposit-EUR (highest)	0.15%	0.75%
Interest rate for time deposit-EUR (lowest)	0.15%	0.75%

As at 31 December 2017, cash at bank amounting to USD 7,583 thousand (31 December 2016: USD 5,954 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 12).

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 17.

11 Capital and reserves

a) Share capital

On 17 May 2017, immediately prior to the IPO, the Company became the parent company of the Group through the acquisition of the full share capital of Global Liman İşletmeleri A.Ş., in exchange for 55,000,000 £5 shares in the Company issued to the previous shareholders. As of this date, the Company's share capital increased from £1 to £275,000 thousand (USD 354,805 thousand). From that point, in the consolidated financial statements, the share capital became that of GPH PLC. The previously recognised share capital of USD 33,836 thousand and share premium of USD 54,539 thousand was eliminated with merger reserves recognised of USD 266,430 thousand.

Also on 17 May 2017, the Group completed an IPO, achieving a standard listing on the London Stock Exchange. During the listing, an additional 7,826,962 £5 shares were issued for net proceeds of USD 73,035 thousand, giving additional share capital of USD 50,492 thousand and additional share premium of USD 22,543 thousand. Following the IPO, the Company had 62,826,963, £5 ordinary shares in issuance.

As of 12 July 2017, The Company has performed a reduction of capital and cancellation of the share premium account. The Court Order approving the Reduction of Capital has been registered with the Registrar of Companies on 12 July 2017 and accordingly the Reduction of Capital has become effective. The nominal value of each of the ordinary shares in the capital of GPH (the "GPH Shares") has been reduced from GBP 5.00 to GBP 0.01, whereas the total equity of GPH remains unchanged, and the Reduction of Capital has created distributable reserves of approximately GBP 332.3 million (USD 427.2 million) for GPH.

The Company's shares are ordinary voting shares. There are no preferential rights attached to any shares of the Company.

The details of paid-in share capital as of 31 December are as follows:

	Number of shares '000	Share capital USD'000	Share Premium USD'000
Balance at 1 January 2016	**74,307**	**33,836**	**54,539**
Movements		--	--
Balance at 31 December 2016	**74,307**	**33,836**	**54,539**
Group restructuring	(19,307)	320,969	(54,539)
Issuance of shares on IPO	7,827	50,492	22,543
Share capital reduction	--	(404,486)	(22,543)
Balance at 31 December 2017	**62,827**	**811**	**--**

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 150,523 thousand (31 December 2016: USD 119,746 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated financial statements of subsidiaries and equity-accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

11 Capital and reserves *(continued)*

b) Nature and purpose of reserves *(continued)*

(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 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 2017, the legal reserves of the Group amounted to USD 13,012 thousand (31 December 2016: USD 12,424 thousand).

(iii) Hedging reserves

Net investment hedge
In the year ended 31 December 2017, the Company has used its US Dollar Eurobond financing to net investment hedge the US Dollar net assets of Port Akdeniz. A foreign exchange loss recognised in other comprehensive income as a result of net investment hedging was USD 13,389 thousand (2016: loss USD 47,656 thousand).

Cash flow hedge
The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 55 thousand loss (31 December 2016, USD 530 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – effective portion of changes in fair value line item for the year was USD 389 thousand (31 December 2016, USD 345 thousand) recognized at financial expenses on profit and loss statement.

The hedge instrument payments will be made in the periods shown below, at which time the amount deferred in equity will be reclassified to profit and loss:

	3 months or less (USD ‘000)	More than 3 months but less than 1 year (USD ‘000)	5 years or less but more than 1 year (USD ‘000)	More than 5 years (USD ‘000)
Net cash outflows exposure				
Liabilities	--	274	636	25
At 31 December 2017	--	**274**	**636**	**25**
Net cash outflows exposure				
Liabilities	--	315	833	104
At 31 December 2016	--	**315**	**833**	**104**

(iv) Merger reserves
On 17 May 2017, Global Ports Holding PLC was listed on the Standard Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering (“IPO”) of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the Group’s parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting. These consolidated financial statements have been prepared as a continuation of the existing Group. Merger accounting principles for this combination have given rise to a merger reserve of $225m.

11 Capital and reserves *(continued)*

c) Dividends

Dividend distribution declarations are made by the Company in GBP and paid in USD in accordance with its articles of association, after deducting taxes and setting aside the legal reserves as discussed above.

GPH PLC has proposed a 2017 final dividend of GBP 0.201per share to its shareholders, giving a proposed distribution of GBP 12,667 thousand (USD 17,500 thousand). The final dividend is not recognised as a liability in the financial statements until approved at the 2018 AGM.

GPH PLC proposed and paid a 2017 interim dividend of GBP 0.216 per share to its shareholders, giving a distribution of GBP 13,570 thousand (USD 18,239 thousand).

The total dividends in respect of the year ended 31 December 2017 were USD 35,739 thousand.

Prior to the group restructuring, Global Liman İşletmeleri A.Ş. was the parent company of the group and in March 2017 it paid its 2016 final dividend to shareholders totalling USD 26,783 thousand.

The total dividends paid to shareholders in the year ended 31 December 2017 were USD 45,022 thousand.

In 2016 Global Liman İşletmeleri A.Ş paid dividends totalling USD 34,607 thousand to its shareholders.

Dividends to non-controlling interests totalled USD 1,063 in 2017 (2016: 3,010) and comprised a distribution of USD 1,063 thousand (2016: USD 819 thousand) made to other shareholders by Valletta Cruise Port a distribution of USD 1,063 thousand (2016: USD 2,191) was made by BPI to RCCL.

12 Loans and borrowings

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

Current loans and borrowings	**2017 (USD ‘000)**	**2016 (USD ‘000)**
Current portion of Eurobond issued	*18,556*	*18,662*
Current bank loans	7,272	9,068
- *TL Loans*	*47*	*1,397*
- *Foreign currency loans*	*7,225*	*7,671*
Current portion of long term bank loans	17,571	13,711
- *TL Loans*	*339*	--
- *Foreign currency loans*	*17,232*	*13,711*
Finance lease obligations	1,479	1,541
Total	**44,878**	**42,982**

Non-current loans and borrowings	**2017 (USD ‘000)**	**2016 (USD ‘000)**
Non-current portion of Eurobonds issued	230,889	230,547
Non-current bank loans	64,038	62,845
- *TL Loans*	*288*	--
- *Foreign currency loans*	*63,750*	*62,845*
Finance lease obligations	1,915	2,915
Total	**296,842**	**296,307**

12 Loans and borrowings *(continued)*

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

Year	2017 (USD '000)	2016 (USD '000)
Between 1-2 years	32,138	30,338
Between 2-3 years	30,715	29,497
Between 3-4 years	208,750	27,310
Over 5 years	23,324	206,247
Total	**294,927**	**293,392**

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

USD '000	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	1,589	(110)	1,479	1,677	(136)	1,541
Between one and five years	2,145	(230)	1,915	3,312	(397)	2,915
Total	**3,734**	**(340)**	**3,394**	**4,989**	**(534)**	**4,456**

12 Loans and borrowings *(continued)*

Details of the loans and borrowings as at 31 December 2017 are as follows:

						As at 31 December 2017	
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	249,444
Secured Loan *(ii)*	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	37,353	36,525
Secured Loan *(iii)*	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	6,477	6,378
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	10,807	10,600
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	17,538	17,515
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.75	613	613
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	4.40	186	186
Secured Loan	Ortadoğu Liman	USD	2018	Fixed	4.56	46	46
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	8.20	784	784
						323,804	**322,091**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2018	Fixed	5.90%	2,900	3,036
Unsecured Loan	Ege Liman	USD	2018	Fixed	4.50%	422	422
Unsecured Loan	Ege Liman	TL	2018	Fixed	15.39%	25	25
Unsecured Loan	Ege Liman	TL	2020	Fixed	15.84%	532	551
Secured Loan	Ege Liman	TL	2018	Fixed	16.77%	50	51
Secured Loan	Ortadoğu Liman	EUR	2022	Fixed	5.75%	5,471	5,516
Unsecured Loan	Ortadoğu Liman	USD	2018	Fixed	5.93%	3,707	3,768
Unsecured Loan	Bodrum Liman	TL	2018	Fixed	16.56%	72	47
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	EURIBOR + 4.00	2,872	2,819
						16,051	**16,235**
Finance lease obligations							
Leasing (ix)	Ortadoğu Liman	USD	2019	Fixed	7.35%	12	12
Leasing (x)	Ortadoğu Liman	USD	2020	Fixed	7.35%	853	853
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35%	1	1
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35%	141	141
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35%	60	60
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	1.96%	92	92
Leasing (ii)	Ege Liman	EUR	2020	Fixed	7.75%	1,889	1,889
Leasing	Ege Liman	USD	2018	Fixed	6.00%	12	12
Leasing	Ege Liman	USD	2020	Fixed	5.50%	334	334
						3,394	**3,394**
						343,249	**341,720**

12 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	249,210
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	**323,981**
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	Ortadoğu Liman	USD	2019	Fixed	7.35	19	19
Leasing *(vi)*	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	**339,289**

12 Loans and borrowings *(continued)*

Detailed information relating to significant loans undertaken 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 on the Irish Stock Exchange.

Eurobonds contain the following covenants:

- If a concession termination event occurs at any time, Global Liman (the "Issuer") 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, in addition to 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 may not exceed 5.0 to 1. Excluding the consolidated leverage ratio breach, the Issuer and all its subsidiaries except Malaga Cruise Port and Lisbon Cruise Port ("Restricted Subsidiary") will be entitled to incur any or all of the following indebtedness:

  - Indebtedness incurred by 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 million;
  - Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million;
  - 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 million; 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 entered into a syndicated loan amounting to Euro 60.25 million. Tranche A of this loan, amounting to Euro 54 million, is paid semi-annually, at the end of June and December, with the last payment being in 2023. Tranche B has already been repaid for Euro 3.85 millionas of 10 October 2014. Tranche C amounting to Euro 2.4 millionhas a bullet 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, Cruceros Málaga, S.A. entered into a loan agreement with Unicaja regarding a Euro 9 million loan 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. Therefore, the maturity date of the loan is on 12 January 2025. A mortgage has been taken out on the administrative concession agreement to guarantee repayment of the loan principal and accrued interest thereon.

(iv) VCP bank loans and overdraft facilities bear interest at 3.90% - 4.15% (31 December 2016: 3.90% - 4.15%) per annum and are secured by a mortgage over VCP's present and future assets, together with a mortgage over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

12 Loans and borrowings *(continued)*

(v) Global Ports Europe BV entered into a loan amounting to Euro 22 million 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 payale bi-annually, in 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.

(vi) On 12 June 2014, Ortadoğu Liman s signed a finance lease agreement for a port tugboat with an interest rate of 7.35% and maturity date of 16 July 2020.

(vii) On June 2014, Ege Liman signed a finance lease agreement for a port tugboat with an interest rate of 7.75% and maturity date in 2020.

13 Provisions

Non-current	As at 31 December 2017 (USD '000)	As at 31 December 2016 (USD '000)
Replacement provisions for Creuers (*)	17,918	13,488
Port of Adria Concession fee provision (**)	1,496	1,077
Italian Ports Concession fee provisions(***)	1,667	1,980
Total	**21,081**	**16,545**

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013, the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.

(**) On 27 December 2013, the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") entered into an agreement regarding the operating concession for the Port of Adria-Bar which terminates on 27 December 2043. From the fourth year of the agreement, CTGC had an obligation to pay a concession fee to the Government of Montenegro of Euro 500,000 per year until the end of the agreement. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

(***) On 16 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") entered into an agreement regarding the operating concession for the Ravenna Passenger Terminal which terminates on 27 December 2019. RTP had an obligation to pay a concession fee to the Port Authority of Euro 86,375 per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

On 13 June 2011, Catania Port Authority and Catania Cruise Terminal S.r.l. ("CCT") entered into an agreement regarding the operating concession for the Catania Passenger Terminal which terminates on 12 June 2026. CCT had an obligation to pay a concession fee to the Catania Port Authority of Euro 135,000 per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority entered into an agreement regarding the operating concession for the Cagliari Cruise Terminal which terminates on 13 January 2027. CCP had an obligation to pay a concession fee to the Cagliari Port Authority of Euro 44,315.74 per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

13 Provisions *(continued)*

Current	**As at 31 December 2017 (USD '000)**	**As at 31 December 2016 (USD '000)**
Other	1,202	1,492
Total	**1,202**	**1,492**

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

	2017 (USD '000)	**2016 (USD '000)**
Balance at 1 January	**18,036**	**14,590**
Assumed in business combination (Note 3)	**--**	1,980
Provisions made during the year	2,512	3,211
Provisions used during the year	(1,237)	(1,524)
Unwinding of provisions during the year	591	528
Currency translation difference	2,381	(748)
Balance at 31 December	**22,283**	**18,037**
Non-current	21,081	16,545
Current	1,202	1,492
	22,283	**18,037**

14 Earnings per share

The Group presents basic earnings per share ("basic 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. In accordance with IAS 33, the comparative weighted average number of shares was restated to apply the number of shares which arose from the group reconstructing described in Note 11.

The Group does not present separate diluted earnings per share ("diluted EPS") data, because there are no potential convertible dilutive securities or options.

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	2017 (USD '000)	**2016 (USD '000)**
Profit attributable to owners of the Company	(15,576)	2,338
Weighted average number of shares	59,889,171	55,000,000
Basic and diluted (loss) / earnings per share with par value of GBP 0.01 (cents per share)	(26.01)	4.25

15 Commitment and contingencies

a) Litigation

There are pending lawsuits that have been filed against or by the Group. 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 recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2017 is USD 315 thousand (31 December 2016: USD 698 thousand).

The information related to the significant lawsuits that the Group is directly or indirectly a party to, is outlined below:

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

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that 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 to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

Port Akdeniz-Antalya filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed such decision of the Court. The appeal is pending before the Council of State.

Ege Ports-Kuşadası filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. Both authorities filed their defenses and Ege Ports-Kuşadası submitted its reply to the defenses in due time. The Court dismissed the case and the Group lawyers appealed such decision of the Court. The Council of State reversed the lower courts' judgement in favor of Ege Ports-Kuşadası. The Privatization Administration applied to the Council of State for reversal of this judgement and the case is still pending.

Bodrum Cruise Port filed a lawsuit against (i) Ministry of Finance General Directorate of National Estate, (ii) the District Governorship of Bodrum and (iii) the Ministry of Transportation, Maritime Affairs and Communication requesting cancellation with respect to rejection of the extension applications. Bodrum Cruise Port’s objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication had been cancelled in favor of Bodrum Cruise Port. The Ministry’s appeal has been overruled and first instance court judgement has been affirmed by the Council of State. The Ministry has applied for the rectification of the decision.

Other legal proceedings

The Port of Adria-Bar (Montenegro) was party to a collective bargaining agreement with a union representing workers in a range of functions that expired in 2010, before the Port of Adria-Bar was acquired by the Group. However, a number of lawsuits have been brought in connection to this collective bargaining agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group (from 2011 to 2014), and (ii) alleged underpaid wages as of the start of 2014. In April 2017, the Supreme Court ruled that the collective bargaining agreement is not valid. Although various cases remain pending before lower courts, this judgment establishes a precedent that would apply to the remaining pending cases before the lower courts. Accordingly, Management believes that the pending cases will be decided in favour of the Group.

15 Commitment and contingencies *(continued)*

a) Guarantees

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

Letters of guarantee	2017 (USD '000)	2016 (USD '000)
Given to seller for the call option on APVS shares (*)	5,835	5,138
Given to Privatisation Administration / Port Authority	2,238	4,047
Given to Electricity Distribution Companies	8	8
Given to courts	6	64
Others	15	520
Total letters of guarantee	**8,102**	**9,777**

(*) 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). This option can be exercised between 15th May 2017 and 15th November 2018. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Group has given a guarantee letter 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 12.

b) Contractual obligations

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

The agreement allows Ege Liman to operate Ege Ports-Kuşadası for a term of 30 years for a total consideration of USD 24.3 million which has already been paid. Ege Liman's operation rights extend to port facilities, infrastructure and facilities which are either owned by the State or were used by TDI for operating the port, as well as the duty-free stores leased by the TDI. Ege Liman is entitled to construct and operate new stores in the port area with the written consent of the TDI.

Ege Liman is able to determine tariffs for Ege Ports- Kuşadası's port services at its own discretion without TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that the foreign ownership or voting rights in Ege Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ege Liman and to nominate one of Ege Ports-Kuşadası's board members. Global Liman appoints the remaining board members and otherwise controls all operational decisions associated with the port. Ege Ports-Kuşadası does not have the right to transfer its operating rights to a third party.

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

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman. Ortadoğu Liman is able to determine tariffs for Port Akdeniz-Antalya's port services at its own discretion without being subject to TDI's approval (apart from the tariffs for services provided to Turkish military ships).

15 Commitment and contingencies *(continued)*

c) Contractual obligations *(continued)*

Ortadoğu Liman *(continued)*

The TOORA requires that foreign ownership or voting rights in Ortadoğu Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ortadoğu Liman. The TDI can also appoint one of Ortadoğu Liman's board members. Ortadoğu Liman cannot transfer its operating rights to a third party without the prior approval of the TDI.

Bodrum Liman
The details of the BOT Agreement 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 also executed a Concession Agreement with the General Directorate of National Property on 18 July 2006 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements. The BOT Agreement permits Bodrum Liman to determine tariffs for Bodrum Cruise Port's port services at its own discretion, provided that it complies with applicable legislation, such as applicable maritime laws and competition laws.

For the first year of operation, Bodrum Liman was required to pay the Directorate General for Infrastructure Investments a land utilisation fee of USD 125 thousand. This fee increases by 3% in US Dollar terms each year.

Port of Adria
The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") 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).

CTGC has an obligation to pay to the Government of Montenegro (a) a fixed concession fee in the amount of Euro 500,000 per year; (b) a variable concession fee in the amount of Euro 5 per twenty-foot equivalent (“TEU”) (full and empty) handled over the quay (ship-to-shore and shore-to-ship container handling), no fees are charged for the movement of the containers; (c) a variable concession fee in the amount of Euro 0.20 per ton of general cargo handled over the quay (ship-to-shore and shore-to-ship general cargo handling). However, pursuant to Montenegrin Law on Concessions, as an aid to the investor for investing in a port of national interest, the concession fee was set in the amount of Euro 1 for the period of three years starting from the effective date of the TOORA Contract. Tariffs for services are regulated pursuant to the terms of the concession agreement with the Montenegro port authority, where the maximum rates are subject to adjustments for inflation.

For the first three years of the agreement, CTGC had to implement certain investment and social programmes outlined in the agreement and had to commit Euro 13.6 million towards capital expenditure during that period. This includes launching and investing Euro 6.5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees.

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

15 Commitment and contingencies *(continued)*

c) Contractual obligations *(continued)*

Port of Adria *(continued)*

estate and the integral parts of it shall be surrendered to the Government of Montenegro at a specific condition, 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 of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in Adossat Wharf in Barcelona for an operational period of 27 years. The port operation rights for Adossat Wharf (comprised of Terminals A and B) terminates in 2030. 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 the concession period is considered to be 30 years.

Creuers is liable for the maintenance of Adossat Wharf Terminals A and B, as well as ensuring that port equipment is maintained in good repair and in operating condition throughout its concession period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The concession is subject to an annual payment, which was Euro 308,788 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, (ii) a fee for the operation of public land for commercial activities, and (iii) a general service fee.

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 of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in WTC Wharf in Barcelona for an operational period of 27 years. The port operation rights for the World Trade Centre Wharf (comprised of Terminals N and S) terminate in 2027. 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 N and S 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 occupy the Levante Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2038. The concession term can be extended for up to fifteen years, in two terms of 10 and 5 additional years (extending the total concession period to 45 years), due to an amendment to the Malaga Levante Agreement approved by the Malaga Port Authority in its resolution dated 28 October 2009. These extensions require (i) the approval by the Malaga Port Authority and (ii) Cruceros Malaga to comply with all of the obligations set forth in the concession. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the Levante Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

15 Commitments and contingencies *(continued)*

c) Contractual obligations *(continued)*

Malaga Cruise Port *(continued)*

The concession is subject to an annual payment, which was Euro 509,000 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

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 occupy El Palmeral Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2042. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the El Palmeral Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which was Euro 154,897 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

Valletta Cruise Port
On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46,197square metres (“sqm”). 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.

A ground rent is payable by Valletta Cruise Port to the Government of Malta in the sum of Euro 734,848 per annum. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

Ravenna Passenger Terminal
On 19 December 2009, Ravenna Passenger Terminal (“RTP”) signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of Euro 895,541.67 during the concession period. The repayment of the total amount is presented as Euro 3,000 for the year 2009, Euro 28,791.67 for the year 2010 and the remaining Euro 863,750 overall for the years 2011 to 2020.

Catania Cruise Terminal
On 18 October 2011, Catania Cruise Terminal SRL (“CCT”) signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Center. CCT will perform operation and management of a cruise passenger terminal in the area.
A fixed rent is payable by CCT to the Port Authority in the sum of Euro 135,000.00 for each year during the concession period.

Cagliari Cruise Terminal
On 14 January 2013, Cagliari Cruise Port (“CCP”) signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of Euro 44,315.74 for each year during the concession period.

15 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:

	As at 31 December 2017	**As at 31 December 2016**
	(USD '000)	**(USD '000)**
Less than one year	3,187	2,798
Between one and five years	12,545	10,686
More than five years	139,510	109,003
	155,242	**122,487**

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

For the year ended 31 December 2017 payments recognised as rent expense were USD 4,765 thousand (31 December 2016: USD 3,710 thousand) in the consolidated income statement and other comprehensive income.

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

	As at 31 December 2017	**As at 31 December 2016**
	(USD '000)	**(USD '000)**
Less than one year	2,326	4,327
Between one and five years	8,569	8,013
More than five years	4,753	5,592
	15,648	**17,932**

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 2017, USD 12,669 thousand (31 December 2016: USD 14,611 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

Additional lease arrangements were identified in the current year and the comparative information has been restated.

16 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 and ultimate controlling party
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, and are therefore not disclosed in this note.

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

Current receivables from related parties	2017 (USD '000)	2016 (USD '000)
Global Yatırım Holding	307	29,058
Adonia Shipping (*)	1,030	1,066
Naturel Gaz (*)	74	69
Mehmet Kutman	24	26
Others	164	1,282
Total	**1,599**	**31,501**

(*) These amounts are related with the work advances. The charged interest rate is 9,75% as at 31 December 2017 (31 December 2016: 10.50%). In addition, the group holds bonds issued by Global Yatirim holding with a carrying value of 14,209 (2016 14,412).

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

Current payables to related parties	2017 (USD '000)	2016 (USD '000)
Mehmet Kutman	191	204
Global Sigorta (*)	244	356
Global Menkul (*)	1	21
EBRD	13	--
Other	34	--
Total	**483**	**581**

(*) These amounts are related to professional services taken. The charged interest rate is 8,50% as at 31 December 2017 (31 December 2016: 10.50%).

16 Related parties (continued)

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

USD '000	2017		2016	
	Interest received	**Other**	**Interest received**	**Other**
Global Yatırım Holding	1,490	--	2,819	--
Adonia Shipping	--	--	--	5
Total	**1,490**	--	**2,819**	**5**

USD '000	2017		2016	
	Interest given	**Other**	**Interest given**	**Other**
Global Yatırım Holding	--	2	8	4
Global Menkul	--	--	--	--
Total	**--**	**2**	**8**	**4**

For the year ended 31 December 2017, the Group recognised interest income on these bonds amounting to USD 1,490 thousand (31 December 2016: USD 1,928 thousand). For the year ended 31 December 2017, the effective interest rate was 8% (31 December 2016: 14.45%). For the year ended 31 December 2017, the Group accounted for a gain amounting to USD 15 thousand from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (31 December 2016: a gain of USD 405 thousand).

For the year ended 31 December 2017, GPH distributed a total dividend of USD 34,933 thousand to Global Yatırım Holding (31 December 2016: USD 30,856 thousand).

Transactions with key management personnel
Key management personnel comprised 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:

	2017 (USD '000)	**2016 (USD '000)**
Salaries	2,452	1,761
Bonus	255	34
Attendance fees to Board of Directors	122	253
Termination benefits	19	34
Total	**2,848**	**2,082**

17 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk;
- market 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 this consolidated financial statements.

Financial risk management objectives

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 analyse 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.

Capital risk management

The Group seeks to provide superior returns to its shareholders, and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest for growth is a key capital management consideration. The Group manages its capital structure and reacts to changes in economic conditions by varying returns to shareholders, issuing new shares or increasing or reducing borrowings.

The Group is not exposed to any externally imposed capital requirements. The total capital structure of the Group consists of net loans and borrowings (as detailed in Note 12 offset by cash and cash equivalents) and equity of the Group (comprising share capital, share premium, legal reserves and retained earnings.

To maintain the financial strength to access new capital at reasonable cost. The Group monitors its net leverage ratio which is operating net loans and borrowings to Adjusted EBITDA. The Group is also mindful of potential impacts on the key metrics employed by the credit rating agencies in considering increases to its borrowings. The Group is comfortably in compliance with its bank facility ratio covenants and these measures do not inhibit the Group’s operations or its financing plans.

	2017 (USD ‘000)	**2016 (USD ‘000)**
Gross debt	341,719	339,291
Cash and bank balances	(99,448)	(44,310)
Short term financial investments	(14,728)	(14,602)
Net debt	**227,543**	**280,379**
Equity	269,642	223,284
Net debt to Equity ratio	**0.84**	**1.26**

17 Financial risk management *(continued)*

Credit risk

Credit risk management

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.

Credit exposure

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

USD '000	**RECEIVABLES**					
As at 31 December 2017	**Trade receivables**	**Due from related parties**	**Other receivables**	**Cash at bank**	**Financial investments**	**Total**
Net book value of financial assets not overdue or not exposed to impairment	9,779	1,599	4,803	80,071	14,505	110,757
Net book value of assets overdue but not exposed to impairment	4,343	--	39	--	--	4,382
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	1,997	--	--	--	--	1,997
- Impairment	(1,997)	--	--	--	--	(1,997)
Maximum credit risk exposure at reporting date	**14,122**	**1,599**	**4,842**	**80,071**	**14,505**	**115,139**
As at 31 December 2016						
Net book value of financial assets not overdue or not exposed to impairment	5,002	32,968	3,221	62,193	13,844	117,228
Net book value of assets overdue but not exposed to impairment	3,545	--	163	--	--	3,707
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	925	--	--	--	--	925
- Impairment	(925)	--	--	--	--	(925)
Maximum credit risk exposure at reporting date	**8,547**	**32,968**	**3,384**	**62,193**	**13,844**	**120,936**

17 Financial risk management *(continued)*

Credit risk (continued)

Maturity analysis

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

	Trade receivables	
	As at 31 December 2017 (USD '000)	**As at 31 December 2016 (USD '000)**
1 to 30 days overdue	851	162
1 to 3 months overdue	1,418	42
3 to 12 months overdue	338	287
Total	**2,607**	**491**

Liquidity risk

Liquidity risk management

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.

Financing facilities

	2017 (USD '000)	**2016 (USD '000)**
Bank credit lines		
- amount used	7,636	7,761
- amount unused	1,434	509
Total	**9,070**	**8,270**

17 Financial risk management *(continued)*

Liquidity risk (continued)

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

As at 31 December 2017

CONTRACTUAL MATURITIES	Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	338,326	439,622	14,829	30,704	387,940	6,150
Finance lease liabilities	3,394	3,742	404	1,193	2,145	--
Other financial liabilities	2,662	2,662	--	--	2,662	--
Trade and other payables (*)	13,211	13,633	2,676	10,536	422	--
Due to related parties	483	640	157	483	--	--
DERIVATIVE FINANCIAL LIABILITIES						
Net settled:						
Interest rate swaps	855	1,293	--	274	636	25

(*) Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,043 thousand, payables to personnel USD 391 thousand, advanced received USD 1,001 thousand and deferred revenue USD 216 thousand, which are not financial liabilities and hence excluded from the tables above.

As at 31 December 2016

CONTRACTUAL MATURITIES	Carrying value	Total cash outflow due to contract	0-3 months	3-12 months	1-5 years	>5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	334,833	448,228	5,475	39,805	384,298	18,650
Finance lease liabilities	4,456	4,735	432	1,248	3,055	--
Other financial liabilities	2,665	2,665	140	--	2,525	--
Trade and other payables (*)	10,486	10,486	1,854	8,632	--	--
Due to related parties	581	581	--	581	--	--
DERIVATIVE FINANCIAL LIABILITIES						
Net settled:						
Interest rate swaps	1,131	1,252	--	315	833	104

(*) Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,625 thousand, payables to personnel USD 1,348 thousand, advanced received USD 880 thousand and deferred revenue USD 124 thousand, which are not financial liabilities and hence excluded from the tables above.

17 Financial risk management *(continued)*

Market risk

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

The Group has exposure to the following market risks from its use of financial instruments:
- currency risk
- interest rate risk

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.

Ortadoğu Liman having functional currency of USD, and Ege Liman and Bodrum Liman having functional currency of Euro are exposed to currency risk on purchases that are denominated in TL. Global Liman having a functional currency of TL is exposed to currency risk on borrowings that are denominated in USD.

As at 31 December 2017, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 249,445 thousand (31 December 2016: USD 249,209 thousand). The results of hedges of the Group's net investment in foreign operations included in hedging and translation reserves was a net loss of USD 13,389 thousand after tax for the period ended 31 December 2017 (net loss of USD 47,656 thousand after tax for the period ended 31 December 2016). In the years ended 31 December 2016 and 2017, USD 887 thousand, USD 3,931 thousand respectively was recognised in profit or loss due to hedge ineffectiveness.

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.

17 Financial risk management *(continued)*

Market risk (continued)

Currency risk *(continued)*

Currency risk exposures
As at 31 December 2017, foreign currency risk exposures of the Group comprised the following:

	As at 31 December 2017 (‘000)			
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	1,833	1,500	--	1,255
Non-current assets	**1,833**	**1,500**	**--**	**1,255**
Trade and other receivables	3,682	1,626	12	7,701
Due from related parties	14,460	86	--	54,215
Other investments	12,455	11,894	--	2,116
Other current assets	941	35	--	3,415
Cash and cash equivalents	5,827	3,097	1,393	4,009
Current assets	**37,365**	**16,738**	**1,405**	**71,456**
Total assets	**39,198**	**18,238**	**1,405**	**72,712**
Loans and borrowings	56,828	52,164	3,656	1,085
Non-current liabilities	**56,828**	**52,164**	**3,656**	**1,085**
Loans and borrowings	9,349	7,824	952	1,455
Trade and other payables	4,642	1,589	122	10,964
Due to related parties	867	--	--	3,270
Current tax liabilities	1,437	--	--	5,420
Current liabilities	**16,295**	**9,413**	**1,074**	**21,109**
Total liabilities	**73,123**	**61,576**	**4,730**	**22,194**
Net foreign currency position	**(33,925)**	**(43,338)**	**(3,193)**	**50,518**

17 Financial risk management *(continued)*

Market risk (continued)

Currency risk *(continued)*

Currency risk exposures

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

	As at 31 December 2016 ('000)			
	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
Other 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	**58,641**	**17,323**	**22,175**	**63,137**
Loans and borrowings	16,190	16,190	--	--
Non-current liabilities	**16,190**	**16,190**	**--**	**--**
Loans and borrowings	6,490	5,350	--	4,014
Trade and other payables	5,068	156	2,727	7,172
Due to related parties	192	107	59	81
Current tax liabilities	1,589	--	--	5,593
Current liabilities	**13,339**	**5,613**	**2,786**	**16,860**
Total liabilities	**29,529**	**21,803**	**2,786**	**16,860**
Net foreign currency position	**29,112**	**(4,480)**	**19,389**	**46,277**

17 Financial risk management *(continued)*

Market risk (continued)

Currency risk *(continued)*

Currency risk sensitivity analysis

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1 per cent against the respective functional currencies of the Company and its subsidiaries.

The following tables detail the Group's sensitivity analysis based on the net exposures of each of the subsidiaries and the Group as at 31 December 2016 and 2017, which could affect the consolidated income statement and other comprehensive income.

1 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group's sensitivity to foreign currency rates has increased during the current period and is primarily due to the increase in its portfolio of ports in the Mediterranean, namely the European region.

The following tables show the Group's foreign currency sensitivity analysis as at 31 December 2017 and 2016:

Year ended 31 December 2017 **USD '000**	**USD**	**TL**	**EUR**
Net financial assets		134	
Net financial liabilities	(433)		(38)

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 86 thousand and USD 166 thousand respectively, for the year ended 2017.

Year ended 31 December 2016 **USD '000**	**USD**	**TL**	**EUR**
Net financial assets	--	131	204
Net financial liabilities	(45)	--	--

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 328 thousand and USD 478 thousand respectively, for the year ended 2016.

17 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 reprice at different times or in differing amounts. As at 31 December 2016 and 2017, the Group uses interest rate swaps to hedge its floating interest rate risk.

Interest rate risk exposures
The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the use of interest rate swap contracts.

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			
USD 000's		**As at 31 December 2017**	**As at 31 December 2016**
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	80,093	30,308
	Loans and receivables	14,728	14,602
	Amounts due from related parties	1,525	31,433
Financial liabilities	Loans and borrowings	(267,884)	(263,705)
	Other financial liabilities	(2,662)	(2,664)
		(174,200)	**(190,026)**
Effect of interest rate swap		(28,014)	(28,203)
		(202,214)	**(218,229)**
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(73,836)	(75,586)
Effect of interest rate swap (*)		28,014	28,203
		(45,822)	**(47,383)**

(*) 75% of the loan to BPI has been hedged by entering into an interest rate swap requiring the Group to pay a fixed interest rate of 0.97 percent and receive Euribor until maturity of the loan (31 December 2023).

Floating rate loans with a principal amount of USD 28,015 thousand (31 December 2016: USD 28,203 thousand) have been designated in a cash flow hedge relationship.

Interest rate swap contracts
Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining items of interest rate swap contracts outstanding as at the reporting date.

17 Financial risk management *(continued)*

Market risk (continued)

Interest rate risk *(continued)*

Cash flow hedges

As at 31 December 2017

fixed rate contract	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	0.97	3,912	266
1 to 2 years	0.97	4,449	218
2 to 5 years	0.97	16,412	348
5 years +	0.97	3,241	20
	0.97	**28,014**	**852**

As at 31 December 2016

fixed rate contracts	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	0.97	3,533	306
1 to 2 years	0.97	3,445	257
2 to 5 years	0.97	12,984	486
5 years +	0.97	8,241	83
	0.97	**28,203**	**1,132**

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is 0.97%. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Interest rate risk sensitivity analysis

As at 31 December 2017, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 458 thousand (31 December 2016: higher by USD 474 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 344 thousand (31 December 2016: lower by USD 364 thousand).

This analysis assumes that all other variables, in particular currency rates, remain constant.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the repayment of principal amounts.

17 Financial risk management *(continued)*

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and liabilities.

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 appropriate methods and market information and uses the following 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 fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- 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 2017	As at 31 December 2016
USD '000	**Carrying**	**Carrying**
Financial assets	**Amount**	**Amount**
Loans and receivables	37,274	63,822

Except as detailed in the following table, the directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

	Note	As at 31 December 2017		As at 31 December 2016	
USD '000		**Carrying**	**Fair**	**Carrying**	**Fair**
Financial liabilities		**Amount**	**Value**	**Amount**	**Value**
Loans and borrowings	12	334,860	347,788	342,680	335,763

Loans and borrowings have been included in Level 2 of fair value hierarchy as they have been valued using quotes available for similar liabilities in the active market. The valuation technique and inputs used to determine the fair value of the loans and borrowings is based on discounted future cash flows and discount rates.
The fair value of loans and borrowings has been determined in accordance with the most significant inputs being discounted cash flow analysis and discount rates.

Financial instruments at fair value

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

USD '000		**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2017	Derivative financial liabilities	--	855	--	855
As at 31 December 2016	Derivative financial liabilities	--	1,131	--	1,131

17 Financial risk management *(continued)*

Fair value measurements (continued)

The valuation technique and inputs used to determine the fair value of the interest rate swap is based on future cash flows estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes						
	01/01/17	**Financing cash flows**	**Translation reserves**	**Acquisition of subsidiary**	**Disposal of subsidiary**	**Fair value adjustments**	**New finance leases**	**Other changes**	**31/12/2017**
Bank loans (Note 12)	339,289	(9,204)	11,346	--	--	--	--	286	341,720
Loans from related parties (Note 16)	581	(133)	37	--	--	--	--	--	483
Other financing liabilities	2,655	(140)	147	--	--	--	--	--	2,662
Interest rate swaps	1,131	(389)	55	--	--	55	--	--	852
Total financial liabilities	**343,656**	**(9,866)**	**11,585**			**55**		**286**	**345,717**

18 Events after the reporting date

Port of Adria signed a loan agreement with EBRD for a total of €20 million to modernize its facilities.
In the long term, Port of Adria is aiming to transform its terminals at Montenegro into a hub that can be used as an intermediate destination by trucks travelling between western Europe and Turkey. The Company is also planning to increase the volume of Serbian cargo as the rail link between Belgrade and the city of Bar is being refurbished.
In addition, Port of Adria is exploring ways to increase the role the port is playing in Montenegro's tourism, a sector which remains constrained by the underdeveloped transport infrastructure.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income Statement Measures			
Segmental EBITDA	Profit / (Loss) before tax	Segment reporting (See note 2)	Calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and exceptional and other non-cash items. A full reconciliation, including analysis of the nature and quantum of the exceptional and certain non-cash items, is provided in the Segmental Note to the financial statements. Management evaluates segmental performance on the basis of Segmental EBITDA. This is done to reflect the fact that there is a variety of financing structures in place both at a port and Group-level, and the nature of the port operating right intangible assets vary by port depending on which concessions were acquired versus awarded, and which fall to be treated under IFRIC 12. As such, management considers monitoring performance in this way, using Segmental EBITDA, gives a more comparable basis for profitability between the portfolio of ports and a metric closer to net cash generation. Excluding project costs for acquisitions and one-off transactions such as the IPO as well as unallocated expenses, gives a more comparable year-on-year measure of port-level trading performance.
Adjusted EBITDA	Profit / (Loss) before tax	Segment reporting (See note 2)	Calculated as Segmental EBITDA less unallocated (holding company) expenses. Management uses this measure to evaluate Group's consolidated performance on an "as-is" basis with respect to the existing portfolio of ports. Notably excluded from Adjusted EBITDA are one-off and non-recurring expenses related to the Group's M&A and financing activities. M&A and project development are key elements of the Group's strategy in the Cruise segment. Project lead times and upfront expenses for projects can be significant, however these expenses (as well as expenses related to raising financing such as IPO or acquisition financing) do not relate to the current portfolio of ports but to future EBITDA potential. Accordingly, these expenses would distort Adjusted EBITDA which management is using to monitor the existing portfolio's performance.
Underlying Profit	Profit / (Loss) for the year	Loss for the year of USD 14,131 thousand, adding back amortisation of port operating right intangibles of USD 31,032 thousand (Note 8) and IPO costs of USD 9,768 thousand and personnel premiums related based on successful listing on LSE USD 1,841 (Note 2) = USD 28,510 thousand.	Calculated as profit / (loss) for the year after adding back: amortization expense in relation to Port Operation Rights and the one-off expenses related to the IPO. Management uses this measure to evaluate the profitability of the Group normalised to exclude the one-off IPO costs and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.
Adjusted earnings per share	Earnings per share	Underlying profit of USD 28,510 thousand above / weighted average number of shares (note 14) of 59,889,171 = 47.6 pence per share	See definition and rationale for Underlying Profit above.

Balance sheet measures			
Net Debt	None	Capital risk management (see note 17)	Net debt comprises total borrowings (bank loans, Eurobond and finance leases net of accrued tax) less cash, cash equivalents and short term investments. Management includes short term investments into the definition of Net Debt, because these short term investment are comprised of marketable securities which can be quickly converted into cash.
Leverage Ratio	None	Gross debt (see note 17) of USD 341,719 thousand / Adjusted EBITDA (see note 2) of USD 75,277 thousand = 4.54 x	Leverage ratio is computed by dividing gross debt to Adjusted EBITDA. This APM is in line with the key financial covenant of the Group's 2021 Eurobond, and is used by management to monitor available credit capacity of the Group
Other Measures			
CAPEX	None	Equals 'Acquisition of property and equipment' and 'Acquisition of intangible assets' per the cash flow statement.	This represents the recurring level of capital expenditure required by the Group excluding M&A related capital expenditure.
Cash Conversion	None	Adjusted EBITDA of USD 75,277 thousand less CAPEX of USD 13,875 thousand / Adjusted EBITDA of USD 75,277 thousand = 81.6%	Cash conversion rate is computed as Adjusted EBITDA less CAPEX for the existing portfolio of ports, divided by Adjusted EBITDA. This therefore represents a measure of cash generation after taking account of on-going capital expenditure required to maintain the existing portfolio of ports.