

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

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED
31 DECEMBER 2015 AND
INDEPENDENT AUDITOR'S REPORT

26 February 2016

This report includes 2 pages of independent auditor's report and 88 pages of consolidated financial statements together with their explanatory notes.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Global Liman İşletmeleri A.Ş.
İstanbul, Turkey

We have audited the accompanying consolidated financial statements of Global Liman İşletmeleri A.Ş. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Global Liman İşletmeleri A.Ş. and its subsidiaries as at 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of Global Liman İşletmeleri A.Ş. and its subsidiaries for the year ended 31 December 2014, were audited by another independent auditor who expressed an unmodified opinion on those statements on 6 March 2015.

DRT BAĞIMSIZ DENETİM VE ŞÜMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

26 February 2016

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

	<i>Notes</i>	31 December 2015	31 December 2014
Assets			
Property and equipment	13	348,247,559	221,996,571
Intangible assets	14	1,344,115,290	1,048,418,490
Goodwill	15	37,392,970	29,822,038
Equity-accounted investees	16	19,268,404	2,815,305
Other investments	17	101,232	101,232
Deferred tax assets	18	11,060,395	11,617,246
Due from related parties	30	5,029,659	5,029,659
Other non-current assets	20	28,542,657	23,524,930
Total non-current assets		1,793,758,166	1,343,325,471
Trade and other receivables	19	31,235,557	20,249,829
Due from related parties	30	110,991,399	109,666,354
Other investments	17	49,159,145	34,953,397
Other current assets	20	28,105,961	27,864,153
Cash and cash equivalents	21	225,115,739	104,570,431
Total current assets		444,607,801	297,304,164
Total assets		2,238,365,967	1,640,629,635
Equity			
Share capital	22	74,323,982	66,269,683
Share premium	22	157,672,601	--
Reserves	22	162,062,188	158,825,964
Retained earnings		169,675,302	180,583,041
Total equity attributable to equity holders of the Company		563,734,073	405,678,688
Non-controlling interests		244,066,978	151,385,265
Total equity		807,801,051	557,063,953
Liabilities			
Loans and borrowings	23	914,521,489	711,092,049
Other financial liabilities		6,268,098	--
Derivative financial liabilities	31	2,771,205	2,689,103
Deferred tax liabilities	18	302,884,650	227,219,093
Provisions	26	41,225,657	30,929,352
Employee benefits	25	4,255,299	3,597,886
Total non-current liabilities		1,271,926,398	975,527,483
Loans and borrowings	23	106,478,192	70,053,801
Other financial liabilities		759,767	--
Trade and other payables	24	42,641,272	30,757,512
Due to related parties	30	2,037,837	1,118,840
Current tax liabilities	18	5,525,114	4,697,304
Provisions	26	1,196,336	1,410,742
Total current liabilities		158,638,518	108,038,199
Total liabilities		1,430,564,916	1,083,565,682
Total equity and liabilities		2,238,365,967	1,640,629,635

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

	<i>Notes</i>	2015	2014
Revenue	8	286,907,103	198,279,837
Cost of sales	8	(182,945,665)	(123,079,036)
Gross profit		103,961,438	75,200,801
Other income	9	18,123,735	14,416,491
Selling and marketing expenses	10	(862,504)	(1,028,494)
Administrative expenses	11	(30,735,273)	(22,007,422)
Other expenses	9	(21,321,745)	(15,273,625)
Operating profit		69,165,651	51,307,751
Finance income	12	89,250,396	81,995,442
Finance costs	12	(119,890,890)	(118,650,080)
Net finance costs		(30,640,494)	(36,654,638)
Share of profit of equity-accounted investees	16	1,824,895	42,244,652
Profit before income tax		40,350,052	56,897,765
Income tax benefit / (expense)	18	6,872,073	(4,297,403)
Profit for the year		47,222,125	52,600,362
Profit attributable to:			
Owners of the Company		40,958,222	48,846,212
Non-controlling interests		6,263,903	3,754,150
		47,222,125	52,600,362
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	18	98,020	(28,260)
Related tax	18	(19,604)	5,652
		78,416	(22,608)
Items that may be reclassified to profit or loss			
Foreign currency translation differences	18	164,490,539	41,796,902
Cash flow hedges - effective portion of changes in fair value	18	253,756	(2,685,205)
Net investment hedge, net loss	18	(175,791,087)	(44,615,348)
Related tax		35,094,778	9,594,370
		24,047,986	4,090,719
Other comprehensive income for the year, net of income tax		24,126,402	4,068,111
Total comprehensive income for the year		71,348,527	56,668,473
Total comprehensive income attributable to:			
Owners of the Company		44,710,485	52,763,371
Non-controlling interests		26,638,042	3,905,102
		71,348,527	56,668,473
Earnings per share (Full TL)	27	0.6083	0.7373

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

	Note	Share capital	Share Premium	Legal reserves	Hedging reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015		66,269,683	--	21,705,317	(50,487,390)	187,608,037	180,583,041	405,678,688	151,385,265	557,063,953
Total comprehensive income										
Profit for the year		--	--	--	--	--	40,958,222	40,958,222	6,263,903	47,222,125
Other comprehensive income	22	--	--	--	(140,442,553)	144,116,400	78,416	3,752,263	20,374,139	24,126,402
Total comprehensive income		--	--	--	(140,442,553)	144,116,400	41,036,638	44,710,485	26,638,042	71,348,527
Transactions with owners of the Company										
Contributions and distributions										
Issuance of share capital	22	8,054,299	157,672,601	--	--	--	--	165,726,900	--	165,726,900
Transfer		--	--	(3,194,570)	--	--	3,194,570	--	--	--
Dividends	22	--	--	2,756,947	--	--	(55,138,947)	(52,382,000)	(8,709,118)	(61,091,118)
Total contributions and distributions		8,054,299	157,672,601	(437,623)	--	--	(51,944,377)	113,344,900	(8,709,118)	104,635,782
Changes in ownership interests										
Acquisition of subsidiary	6(ii)	--	--	--	--	--	--	--	74,752,789	74,752,789
Total changes in ownership interests		--	--	--	--	--	--	--	74,752,789	74,752,789
Total transactions with owners of the Company		8,054,299	157,672,601	(437,623)	(140,442,553)	144,116,400	(10,907,739)	158,055,385	92,681,713	250,737,098
Balance at 31 December 2015		74,323,982	157,672,601	21,267,694	(190,929,943)	331,724,437	169,675,302	563,734,073	244,066,978	807,801,051

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015
(Amounts expressed in Turkish Lira ("TL"))

	Note	Share capital	Legal reserves	Hedging reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014		66,269,683	18,909,630	(12,781,207)	145,962,087	160,650,342	379,010,535	73,702,635	452,713,170
Total comprehensive income									
Profit for the year		--	--	--	--	48,846,212	48,846,212	3,754,150	52,600,362
Other comprehensive income	22	--	--	(37,706,183)	41,645,950	(22,608)	3,917,159	150,952	4,068,111
Total comprehensive income		--	--	(37,706,183)	41,645,950	48,823,604	52,763,371	3,905,102	56,668,473
Transactions with owners of the Company									
Contributions and distributions									
Transfer		--	2,795,687	--	--	(2,795,687)	--	--	--
Dividends	22	--	--	--	--	(27,976,278)	(27,976,278)	(3,107,757)	(31,084,035)
Total contributions and distributions		--	2,795,687	--	--	(30,771,965)	(27,976,278)	(3,107,757)	(31,084,035)
Changes in ownership interests									
Acquisition of subsidiary with non-controlling interests	6(i)	--	--	--	--	--	--	79,640,816	79,640,816
Acquisition of non-controlling interests without a change in control	7	--	--	--	--	1,881,060	1,881,060	(2,755,531)	(874,471)
Total changes in ownership interests		--	--	--	--	1,881,060	1,881,060	76,885,285	78,766,345
Total transactions with owners of the Company		--	2,795,687	--	--	(28,890,905)	(26,095,218)	73,777,528	47,682,310
Balance at 31 December 2014		66,269,683	21,705,317	(50,487,390)	187,608,037	180,583,041	405,678,688	151,385,265	557,063,953

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Year Ended 31 December 2015
(Amounts expressed in Turkish Lira (“TL”))

	<i>Notes</i>	2015	2014
Cash flows from operating activities			
Profit for the year		47,222,125	52,600,362
Adjustments for:			
Depreciation and amortization expense	<i>13, 14</i>	103,861,949	67,209,518
Bargain purchase gain	<i>6, 9</i>	(16,566,729)	(13,065,544)
Share of profit of equity-accounted investees, net of tax	<i>16</i>	(1,824,895)	(42,244,652)
Interest expense	<i>12</i>	65,555,459	34,163,010
Interest income		(12,738,789)	(8,812,586)
Income tax (benefit) / expense	<i>18</i>	(6,872,073)	4,297,403
Unrealized foreign exchange differences on loans and borrowings		25,452,516	63,947,402
Operating cash flow before changes in operating assets and liabilities		204,089,563	158,094,913
Changes in:			
- employment termination indemnity		714,770	729,911
- trade and other receivables		(17,398,430)	(7,923,730)
- other current assets		972,757	(14,640,464)
- other non-current assets		(5,017,727)	(7,151,136)
- trade and other payables		6,338,863	6,031,515
- provisions		10,081,899	15,696,356
Cash generated by operating activities		199,781,695	150,837,365
Employee benefits paid	<i>25</i>	(425,295)	(985,702)
Income taxes paid	<i>18</i>	(18,002,961)	(12,332,504)
Net cash generated by operating activities		181,353,439	137,519,159
Investing activities			
Acquisition of property and equipment	<i>13</i>	(20,778,534)	(28,671,048)
Acquisition of intangible assets	<i>14</i>	(213,162)	(444,493)
Proceeds from sale of property and equipment		83,835	--
Change in financial investments		(7,304,703)	2,592,785
Interest received		5,837,744	4,311,675
Acquisition of subsidiary	<i>6</i>	(71,481,146)	56,094,552
Advances given for tangible assets		(1,066,109)	(907,316)
Net cash used in investing activities		(94,922,075)	32,976,155
Financing activities			
Increase in share capital	<i>6</i>	165,726,900	--
Change in due from related parties		(1,325,045)	(88,965,021)
Change in due to related parties		918,997	(18,499,519)
Dividends paid	<i>22</i>	(61,091,118)	(31,084,035)
Equity injection to investments		(13,902,000)	--
Interest paid		(57,588,700)	(28,411,691)
Proceeds from borrowings		78,564,942	678,929,671
Repayments of borrowings		(53,317,541)	(564,981,519)
Net cash from financing activities		57,986,435	(53,012,114)
Effect of movements in exchange rates on cash held		(35,548,667)	(56,593,694)
Net increase in cash and cash equivalents		108,869,132	60,889,506
Cash and cash equivalents at 1 January	<i>21</i>	103,514,972	42,625,466
Cash and cash equivalents at 31 December	<i>21</i>	212,384,104	103,514,972

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

Notes to the consolidated financial statements

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Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

1 Reporting entity

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

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

As at 31 December 2014, 100% of the shares of the Company were owned by Global Yatırım Holding. In 2015, European Bank of Reconstruction and Development ("EBRD") has invested Euro 53.4 million (TL 165.7 million) including the share premium of TL 157.7 million and acquired 10.84% of the Company's shares. As at 31 December 2015, 89.16% of the shares of the Company are owned by Global Yatırım Holding and 10.84% by European Bank of Reconstruction and Development ("EBRD").

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

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

As at 31 December 2015, the number of employees of the Group was 702 (31 December 2014: 679). The address of the registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / İstanbul".

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

<u>Subsidiaries</u>	<u>Locations</u>	<u>Operations</u>
Ege Liman İşletmeleri A.Ş. ("Ege Liman")	Aydın-Turkey	Port operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman")	Antalya-Turkey	Port operations
Bodrum Liman İşletmeleri A.Ş. ("Bodrum Liman")	Muğla-Turkey	Port operations
Container Terminal and General Cargo – Bar ("Port of Adria")	Montenegro	Port operations
Barcelona Port Investments, S.L ("BPI")	Spain	Port investments
Creuers del Port de Barcelona, S.A. ("Creuers")	Spain	Port operations
Cruceros Malaga, S.A. ("Malaga Port")	Spain	Port operations
Global Ports Europe B.V ("Global BV")	Netherlands	Port investments
Perquisite Holdings Ltd. ("Perquisite")	Malta	Port investments
Global Ports Malta Ltd. ("GP Malta")	Malta	Port investments
Valetta Cruise Port PLC ("VCP")	Valetta – Malta	Port operations
Torba İnşaat ve Turistik A.Ş. ("Torba") (*)	İstanbul-Turkey	Real estate
Global Depolama A.Ş. ("Global Depolama")	İstanbul-Turkey	Storage
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa") (*)	Antalya-Turkey	Marine vehicle trade

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

1 Reporting entity (continued)

Ege Liman

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

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

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

Ortadoğu Liman

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

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

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

Bodrum Liman

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

Global Liman acquired 60% of the shares of Bodrum Liman on 16 June 2008. As at 31 December 2015 and 2014, shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ("Setur"), respectively.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

1 Reporting entity (continued)

Port of Adria

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

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

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

BPI and Creuers

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

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

Global BV, Perquisite, GP Malta and VCP

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

Torba

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

Global Depolama

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

Randa

Randa was acquired by Global Liman on 17 February 2011 for the purpose of marine vehicle trade for a consideration of Euro 10,000. As at 31 December 2015 and 2014, Randa is inactive and is excluded from the scope of consolidation.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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1 Reporting entity (continued)

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

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

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

The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium, on 26 August 2014. The Group has a 46.2% effective interest in Port of Lisbon as at 31 December 2015. Port of Lisbon has been recognized in equity-accounted investee in the consolidated financial statements as at and for the year ended 31 December 2015 and 2014.

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

However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014. The Group holds a non-controlling interest in Singapore Port, it has been recognized as an equity-accounted investee as at and for the year ended 31 December 2015 and 2014.

2 Basis of preparation

(a) Statement of compliance

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

The Group's consolidated financial statements were approved by the Board of Directors (the "Board") on 26 February 2016. Authority for restatement and approval of consolidated financial statements belongs to the same Board. Additionally, the General Assembly has the authority to amend and approve these annual consolidated financial statements.

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

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2 Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair values on each reporting date. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Items

Measurement bases

Available-for-sale financial assets	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value

(c) Functional and presentation currency

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

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

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

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

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

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2 Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

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

(e) Finalization of accounting for business combinations

(i) BPI and Creuers

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

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

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

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

(a) Basis of consolidation

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

(i) Subsidiaries

As at 31 December 2015, the consolidated financial statements include the financial results of Global Liman and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

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

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

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

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

As at 31 December 2015 and 2014, the subsidiaries in which the Group owned a majority shareholding and/or effectively controlled their operations are as shown below:

	<u>Effective ownership (%)</u>		<u>Voting power held (%)</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Ege Liman	72.50	72.50	72.50	72.50
Ortadoğu Liman	100.00	100.00	100.00	100.00
Bodrum Liman	60.00	60.00	60.00	60.00
Port of Adria	64.50	64.50	64.50	64.50
Malaga Port	49.60	49.60	80.00	80.00
Creuers	62.00	62.00	62.00	62.00
BPI	62.00	62.00	62.00	62.00
Global Depolama	100.00	100.00	100.00	100.00
Global BV	100.00	--	100.00	--
GP Malta	100.00	--	100.00	--
Perquisite	100.00	--	100.00	--
VCP	55.60	--	55.60	--

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Interests in equity-accounted investees

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

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

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2015 and 2014 for the joint ventures which is under the direct or indirect joint control of the Group and the associate on which the Group has significant influence and included in the scope of consolidation:

	<u>Effective ownership rates</u>		<u>Voting power held</u>	
	<u>31 December 2015</u>	<u>31 December 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>
Port of Lisbon	46.2	46.2	50	50
Singapore Port	24.8	24.8	40	40

(iii) Available for sale financial assets

As at 31 December 2015 and 2014, Torba, in which the Group owns 79% of the shares but does not have control, and Randa in which the Group owns 99.99% of shares but is inactive, were not consolidated and are classified and measured as an available for sale financial assets in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. Available for sale financial assets is measured at cost due to the fact that there is no determinable fair value in an active market.

(iv) Non-controlling interests

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

(v) Transactions eliminated on consolidation

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

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Notes to the Consolidated Financial Statements

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Business combinations

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

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill. Goodwill arising from business combinations is not amortized, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired.

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

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

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

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

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3 Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

As at 31 December 2015 and 2014, foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2015	2014
USD/TL	2.9076	2.3189
Euro/TL	3.1776	2.8207

For the year ended 31 December 2015 and 2014, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2014	2014
USD/TL	2.7200	2.1865
Euro/TL	3.0183	2.9042

(ii) Foreign operations

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

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

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3 Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

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

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

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

(c) Financial instruments

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

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

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

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

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

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

(ii) Non-derivative financial assets - measurement

Financial assets at fair value through profit or loss

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

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial assets - measurement (continued)

Loans and receivables

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

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

Cash and cash equivalents

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

Available for sale financial assets

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

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

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

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

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

(iv) Share capital

Ordinary shares

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

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derivative financial instruments

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

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

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

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

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

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

Cash flow hedges

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

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

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3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derivative financial instruments (continued)

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

Net investment hedge accounting

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

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

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

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

(d) Property and equipment

(i) Recognition and measurement

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

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

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

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

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3 Significant accounting policies (continued)

(d) Property and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

	<u>Years</u>
Leasehold improvements	4-50
Furniture and fixtures	4-20
Machinery and equipment	4-30
Motor vehicles	4-18

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

(iv) Derecognition

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

(e) Intangible Assets

(i) Recognition and measurement

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

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

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

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Subsequent expenditures

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

(iii) Intangible assets recognized in a business combination

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

(iv) Service concession arrangements

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

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

(v) Amortization

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

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

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

	<u>Years</u>
Port operation rights	12-50
Customer relationships	12
Software	5

(vi) Derecognition

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

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3 Significant accounting policies (continued)

(f) Goodwill

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

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

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

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

(g) Leased assets

(i) Determining whether an arrangement contains a lease

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

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

(ii) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

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

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3 Significant accounting policies (continued)

(g) Leased assets (continued)

(iii) Lease payments

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

(h) Impairment

(i) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes;

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

Financial assets measured at amortised cost

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

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

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

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

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

(ii) Non-financial assets

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

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

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

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

(i) Employee benefits

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

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Notes to the Consolidated Financial Statements

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(j) Provisions, contingent assets and liabilities

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

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

(k) Revenue

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

(i) Port administration services

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

(ii) Rental income

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

(iii) Other service revenue and other sales

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

(l) Finance income and finance costs

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

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

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

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(m) Income tax

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

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

(iii) Current and deferred tax for the period

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies *(continued)*

(n) Earnings per share

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

(o) Related parties

Parties are considered related to the Company if;

- (a) directly, or indirectly through one or more intermediaries, the party;
- (b) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- (c) has an interest in the Company that gives it significant influence over the Company; or
- (d) has joint control over the Company;
- (e) the party is an associate of the Company;
- (f) the party is a joint venture in which the Company is a venturer;
- (g) the party is member of the key management personnel of the Company and its parent;
- (h) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

(p) Government subsidies and incentives

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

(q) Lease payments

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

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

(r) Segment reporting

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

For the years ended 31 December 2015 and 2014, the reportable segments of the Group are Kuşadası Port, Antalya Port, Bodrum Port, Port of Adria, Valetta Cruise Port and Creuers which are operated by Ege Liman, Ortadoğu Liman and Bodrum Liman, Port of Adria, Global BV and BPI, respectively. The detailed information is disclosed in Note 5.

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Notes to the Consolidated Financial Statements

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(Amounts expressed in Turkish Lira ("TL"))

3 Significant accounting policies (continued)

(s) New and Revised International Financial Reporting Standards

- i. Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

None.

- ii. New and revised IFRSs applied with no material effect on the consolidated financial statements

Amendments to IAS 19
Annual Improvements to
2010-2012 Cycle
Annual Improvements to
2011-2013 Cycle

Defined Benefit Plans: Employee Contributions¹
IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38,
IAS 24¹

IFRS 1, IFRS 3, IFRS 13, IAS 40¹

¹ Effective for annual periods beginning on or after 1 July 2014.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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3 Significant accounting policies (continued)

(s) New and Revised International Financial Reporting Standards (continued)

iii. New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i> ²
IFRS 14	<i>Regulatory Deferral Accounts</i> ¹
Amendments to IFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ¹
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Annual Improvements to 2012-2014 Cycle	<i>IFRS 5, IFRS 7, IAS 19, IAS 34</i> ¹
Amendments to IAS 1	<i>Disclosure Initiative</i> ¹
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
IFRS 16	<i>Leases</i> ³

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income (“FVTOCI”) measurement category for certain simple debt instruments.

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3 Significant accounting policies (continued)

(s) New and Revised International Financial Reporting Standards (continued)

iii. New and revised IFRSs in issue but not yet effective (continued)

IFRS 14 Regulatory Deferral Accounts

IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applied to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint Operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11,
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

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

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

This amendment include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of IAS 41.

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3 Significant accounting policies (continued)

(s) New and Revised International Financial Reporting Standards (continued)

iii. New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

Amendments to IAS 27 Equity Method in Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19: Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Amendments to IAS 1 Disclosure Initiative

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

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3 Significant accounting policies (continued)

(s) New and Revised International Financial Reporting Standards (continued)

iii. New and revised IFRSs in issue but not yet effective (continued)

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

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

IFRS 16 Leases

This new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 "Leases" and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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4 Determination of fair values

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

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

- Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities).
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Further information about the assumptions made in measuring fair values is included in Note 31 - Financial risk management.

5 Segment reporting

(i) Basis for segmentation

Operating segments considered in performance evaluation by the Group management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are Kuşadası Port, Antalya Port, Bodrum Port, Port of Adria, Valetta Cruise Port and Creuers which are operated by Ege Liman, Ortadoğu Liman and Bodrum Liman, Port of Adria, Global BV and BPI, respectively. Other operations of the Group, which include Global Liman and Global Depolama, do not generate external revenues and therefore are presented to reconcile to the consolidated financial statements. Valetta Cruise Port was acquired at the end of 2015 and did not generate revenue for the Group in 2015.

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

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

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5 Segment reporting (continued)

(ii) Information about reportable segments

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

	Kuşadası Port	Antalya Port	Bodrum Port	Port of Adria	BPI	VCP	Other	Total
Segment assets	196,620,034	790,575,602	28,438,941	171,214,329	489,797,906	280,876,834	261,573,917	2,219,097,563
Equity-accounted investees	--	--	--	--	6,189,975	--	13,078,429	19,268,404
Segment liabilities	39,064,759	149,323,921	4,484,180	30,250,205	281,326,652	48,261,255	877,853,944	1,430,564,916
Capital expenditures	1,566,750	12,655,954	311,377	5,126,059	3,274,989	--	55,848	22,990,977
	Kuşadası Port	Antalya Port	Bodrum Port	Port of Adria	BPI		Other	Total
External revenues	47,185,193	141,642,585	7,724,691	23,195,641	67,158,993	--	--	286,907,103
EBITDA	37,718,027	103,003,917	4,257,035	(428,199)	37,152,227	--	(6,850,512)	174,852,495
Depreciation and amortization expense	(6,272,865)	(57,928,045)	(5,108,962)	(5,685,406)	(28,761,137)	--	(105,534)	(103,861,949)
Significant non-cash income/expenses, net	--	--	--	--	--	--	16,566,729	16,566,729
Share of profit (loss) of equity-accounted investees	--	--	--	--	820,114	--	1,004,781	1,824,895
Interest income	5,500,862	2,728,449	--	89,165	96,072	--	18,996,649	27,411,197
Interest expense	(3,931,771)	(11,262,011)	(436,285)	(1,013,984)	(8,965,408)	--	(54,618,408)	(80,227,867)

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5 Segment reporting (continued)

(ii) Information about reportable segments (continued)

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

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

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5 Segment reporting (continued)

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

	<i>Note</i>	2015	2014
Revenues			
Total revenue for reportable segments	8	286,907,103	198,279,837
Consolidated revenue		286,907,103	198,279,837
Consolidated EBITDA			
Consolidated EBITDA		174,852,495	160,761,922
Finance income	12	89,250,396	81,995,442
Finance costs	12	(119,890,890)	(118,650,080)
Depreciation and amortization		(103,861,949)	(67,209,519)
Consolidated profit before income tax		40,350,052	56,897,765
Interest income			
Total interest income for reportable segments		27,411,197	12,976,857
Elimination of inter-segments		(14,672,408)	(4,164,271)
Consolidated interest income	12	12,738,789	8,812,586
Interest expense			
Total interest expense for reportable segments		(80,227,867)	(42,117,723)
Elimination of inter-segments		14,672,408	4,164,271
Consolidated interest expense	12	(65,555,459)	(37,953,452)
Significant non-cash income/expenses			
Gain on bargain purchase	6, 9	16,566,729	13,065,544
Share profit of equity-accounted investees		1,824,895	42,244,652
Depreciation and amortization	13, 14	(103,861,949)	(67,209,519)
Total		(85,470,325)	(11,899,323)

(iv) Geographic information

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

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

Revenue

	2015	2014
Turkey	196,552,469	165,740,818
All foreign countries	90,354,634	32,539,019
Montenegro	23,195,641	20,257,691
Spain	67,158,993	12,281,328
	286,907,103	198,279,837

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5 Segment reporting (continued)

(iv) Geographic information (continued)

Assets

	<u>2015</u>	<u>2014</u>
Turkey	1,277,208,494	999,852,802
All foreign countries	961,157,473	640,776,833
Spain	489,797,906	485,699,922
Montenegro	171,214,329	152,261,606
Malta	280,876,834	--
Singapore (equity-accounted investee)	2,920,368	1,833,302
Portugal (equity-accounted investee)	16,348,036	982,003
	<u>2,238,365,967</u>	<u>1,640,629,635</u>

6 Acquisition of subsidiary

(i) Acquisition of Creuers

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

Tranche A:

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

Tranche B:

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

Tranche C:

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

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

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6 Acquisition of subsidiary (continued)

(i) Acquisition of Creuers (continued)

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

a) Consideration transferred

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

b) Acquisition-related costs

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

c) Identifiable assets acquired and liabilities assumed

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

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

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

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

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6 Acquisition of subsidiary (continued)

(i) Acquisition of Creuers (continued)

c) Identifiable assets acquired and liabilities assumed (continued)

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

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

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

Measurement of fair values

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

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

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

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

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6 Acquisition of subsidiary (continued)

(i) Acquisition of Creuers (continued)

d) Gain on bargain purchase

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

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

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

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

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

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

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

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

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

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

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6 Acquisition of subsidiary (continued)

(i) Acquisition of Creuers (continued)

d) Gain on bargain purchase (continued)

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

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

(ii) Acquisition of Valetta Cruise Port

As of 30 November 2015, the Group has purchased 55.60% shares of Valetta Cruise Port in Malta and as it was not practicable for VCP to prepare a separate set of financial statements for the consolidation as at 31 December 2015, the financial statements of VCP for the period ended 30 November 2015 has been included in the consolidated financial statements as explained in Note 3. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been TL 27,855 thousand more, and consolidated profit for the year would have been TL 4,331 thousand more. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

a) Consideration transferred

The total acquisition cost amounting to TL 77,042,620 was totally paid in 2015.

b) Acquisition-related costs

The Group incurred acquisition-related costs of TL 253,369 on legal fees and due diligence costs. These costs have been included in "other expenses" as project expenses.

c) Identifiable assets acquired and liabilities assumed

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

<i>In TL as at 30 November 2015 (acquisition date)</i>	<i>Note</i>	
Property and equipment	13	84,558,698
Port operation rights	14	183,581,260
Other investments		275,816
Other assets		1,214,565
Trade and other receivables		4,197,365
Cash and cash equivalents		5,285,658
Loans and borrowings		(34,977,423)
Other financial liabilities		(7,027,865)
Trade and other payables		(4,152,593)
Corporate taxes payable		(628,968)
Deferred income		(1,474,406)
Deferred tax liabilities		(62,489,969)
Total identifiable net assets acquired		168,362,138

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6 Acquisition of subsidiary (continued)

d) Gain on bargain purchase

<i>In TL as at 30 November 2015 (acquisition date)</i>	<i>Note</i>	
Consideration transferred	(a)	77,042,620
Fair value of identifiable net assets	(c)	168,362,138
Fair value of identifiable net acquired assets (55.60%)		93,609,349
Gain on bargain purchase		(16,566,729)

The acquisition of Valetta Cruise Port's interests contributed a net profit of TL 16,566,729 which was accounted for as gain on bargain purchase under other income for the year ended 31 December 2015.

Consideration paid:	77,042,620
Cash associated with acquired assets (-)	5,561,474
Net cash outflow	71,481,146

Global Liman as sole consolidator of cruise ports made close relationships with other cruise firms. The realized and expected growth in the operations due to the locations of other ports with Malta ensure a strong network in the Mediterranean Sea that would contribute to the value of the operations resulted in gain on bargain purchase as a result of the acquisition of Valetta Cruise Port.

7 Acquisition of non-controlling interests

In 2014, the Group acquired an additional %2.41 interest in Port of Adria increasing its ownership from 62.09% to 63.79% in Port of Adria. The Group recognized:

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

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8 Revenue and cost of sales

Revenue

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

	<u>2015</u>	<u>2014</u>
Container revenue	103,271,567	85,412,514
Port service revenue	88,933,963	45,983,839
Cargo revenue	29,348,921	26,943,045
Landing fees	38,826,602	21,548,312
Rent revenue (*)	17,558,925	11,581,477
Setur rent revenue	3,586,505	3,099,801
Domestic water sales	3,498,036	1,426,038
Other revenue	1,882,584	2,284,811
Total	<u>286,907,103</u>	<u>198,279,837</u>

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

Cost of sales

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

	<u>2015</u>	<u>2014</u>
Depreciation and amortization expenses	99,169,098	65,271,549
Personnel expenses	36,485,114	28,285,134
Subcontractor crane and container service expenses	7,303,913	7,757,679
Fuel expenses	2,199,376	2,761,524
Commission fees to government authorities and pilotage expense	6,447,016	2,625,694
Security expenses	4,718,633	2,408,857
Repair and maintenance expense	4,558,081	2,269,322
Container shipping expenses	2,029,578	1,871,907
Insurance expenses	2,626,535	1,558,069
Electricity expenses	2,237,233	1,373,609
Tugboat rent expenses	1,492,079	984,612
Shopping mall expenses	974,680	754,695
Dumping expenses	906,351	699,013
Fresh water expenses	2,046,134	623,395
Port rental expenses	356,635	307,624
Other expenses	9,395,209	3,526,353
Total	<u>182,945,665</u>	<u>123,079,036</u>

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9 Other income and expenses

Other income

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

	<i>Note</i>	2015	2014
Gain on bargain purchase	6	16,566,729	13,065,544
Income from reversal of provisions		167,412	244,937
Other		1,389,594	1,106,010
Total		18,123,735	14,416,491

Other expenses

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

	2015	2014
Project expense (*)	17,969,424	11,212,520
Taxes other than on income	626	1,532,448
Concession fee expense	1,358,235	1,306,890
Other	1,993,460	1,221,767
Total	21,321,745	15,273,625

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

10 Selling and marketing expenses

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

	2015	2014
Personnel expenses	337,146	--
Commission expense	--	525,890
Advertising and promotion expenses	419,450	389,546
Representation expense	75,322	52,748
Travelling expenses	18,320	21,573
Other	12,266	38,737
Total	862,504	1,028,494

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11 Administrative expenses

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

	<u>2015</u>	<u>2014</u>
Personnel expenses	13,264,754	11,074,568
Consultancy expenses	4,432,550	2,800,878
Depreciation and amortization expenses	4,692,854	1,937,969
Taxes other than on income	1,970,712	882,463
Representation expenses	1,245,422	401,399
Travelling expenses	805,458	643,268
IT expenses	559,742	589,354
Vehicle expenses	341,756	338,494
Communication expenses	591,767	294,796
Stationary expenses	216,778	177,115
Office operating expenses	163,227	153,146
Repair and maintenance expenses	192,470	135,999
Rent expenses	34,711	27,367
Allowance for doubtful receivables	(279,561)	1,617,685
Other expenses	2,502,633	932,921
Total	<u>30,735,273</u>	<u>22,007,422</u>

12 Finance income and costs

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

Finance income	<u>2015</u>	<u>2014</u>
Foreign exchange gain	75,295,742	71,434,200
Interest income on marketable securities (*)	6,901,045	4,500,911
Interest income on related parties	5,070,895	--
Interest income on banks and others	677,684	4,311,675
Interest income from housing loans	89,165	1,311,214
Premium income on option contracts	920,247	--
Gain on sale of marketable securities	295,618	437,442
Total	<u>89,250,396</u>	<u>81,995,442</u>

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

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

Finance costs	<u>2015</u>	<u>2014</u>
Interest expense on loans and borrowings	64,579,590	36,234,121
Foreign exchange losses	51,191,171	68,903,968
Other interest expenses	975,869	1,719,331
Letter of guarantee commission expenses	60,423	21,374
Loan commission expenses	1,185	8,461,827
Loss on sale of marketable securities	45	817,237
Other	3,082,607	2,492,222
Total	<u>119,890,890</u>	<u>118,650,080</u>

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13 Property and equipment

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

Cost	1 January 2015	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Leasehold improvements	168,432,293	3,768,065	--	4,701,250	80,676,118	31,896,105	289,473,831
Machinery and equipment	82,351,393	7,649,550	(416,809)	1,641,730	348,300	20,120,832	111,694,996
Motor vehicles	38,199,308	107,123	(104,292)	--	25,722	9,735,346	47,963,207
Furniture and fixtures	11,052,463	1,296,297	(11,373)	--	3,508,558	2,454,230	18,300,175
Construction in progress	5,011,663	9,956,780	(64,383)	(6,190,965)	--	1,951,114	10,664,209
Land improvement	19,187	--	--	--	--	4,871	24,058
Total	305,066,307	22,777,815	(596,857)	152,015	84,558,698	66,162,498	478,120,476
Accumulated Depreciation		Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Leasehold improvements	31,843,014	9,447,297	--	--	--	8,375,423	49,665,734
Machinery and equipment	36,044,327	9,964,199	(416,809)	--	--	9,747,844	55,339,561
Motor vehicles	10,397,833	3,596,079	(84,840)	--	--	3,142,778	17,051,850
Furniture and fixtures	4,782,695	1,782,196	(11,373)	--	--	1,258,951	7,812,469
Land improvement	1,867	900	--	--	--	536	3,303
Total	83,069,736	24,790,671	(513,022)	--	--	22,525,532	129,872,917
Net book value	221,996,571						348,247,559

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

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13 Property and equipment (continued)

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

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

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

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13 Property and equipment (continued)

As at 31 December 2015, the net book value of machinery and equipment purchased through leasing amounts to TL 8,181,541 (2014: TL 6,991,231), the net book value of motor vehicles purchased through leasing amounts to TL 32,795,113 (2014: TL 10,434,336), and the net book value of furniture fixture purchased through leasing amounts to TL 867,296 (2014: None). In 2015, the capital expenditures amounting to TL 1,999,281 was through finance leases.

As at 31 December 2015 and 2014, according to the "TOORA" signed with Ege Liman and Ortadoğu Liman and the "BOT" tender agreement signed with Bodrum Liman, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 23.

For the years ended 31 December 2015 and 2014, there is no capitalized borrowing cost on property and equipment.

As at 31 December 2015, the insured amount of property and equipment amounts to TL 521,241,490 (2014: TL 322,153,881).

14 Intangible assets

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

Cost	1 January 2015	Additions	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Port operation rights	1,262,946,680	--	--	183,581,260	245,426,987	1,691,954,927
Customer relationships	8,706,518	--	--	--	2,210,327	10,916,845
Software	995,620	18,205	--	--	95,832	1,109,657
Other intangibles	595,369	194,957	(152,015)	--	115,829	754,140
Total	1,273,244,187	213,162	(152,015)	183,581,260	247,848,975	1,704,735,569

Accumulated amortization	1 January 2015	Amortizat ion expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Port operation rights	219,288,238	77,975,296	--	--	55,371,755	352,635,289
Customer relationships	4,534,644	855,120	--	--	1,210,190	6,599,954
Software	756,565	102,643	--	--	83,863	943,071
Other intangibles	246,250	138,219	--	--	57,496	441,965
Total	224,825,697	79,071,278	--	--	56,723,304	360,620,279
Net book value	1,048,418,490					1,344,115,290

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

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14 Intangible assets (continued)

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

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

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

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

15 Goodwill

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

1 January 2014	27,448,004
Currency translation differences	2,374,034
31 December 2014	29,822,038
Currency translation differences	7,570,932
Balance as at 31 December 2015	37,392,970

As at 31 December 2015 and 2014, the Group recognized goodwill related to the acquisition of Ege Liman in its consolidated financial statements.

As at 31 December 2015 and 2014, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2033. The key assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. An interest rate of 11% (2014: 11%) was used for discounting future cash flows to reporting date. The EBITDA growth rate was assumed at 15.3% (2014: 15.3%).

If the budgeted gross margin, the estimated interest rate and the EBITDA growth rate used in the value-in-use calculation for CGU had been 1% higher/lower than management's estimates at 31 December 2015, the Group would have not recognized any impairment against goodwill.

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16 Equity-accounted investees

At 31 December 2015, Port of Lisbon and Singapore are equity accounted investees in which the Group participates.

The following table summarizes the financial information of Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2015. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

<i>In TL</i>	Port of Lisbon	Singapore Port
Percentage ownership interest	50%	40%
Non-current assets	6,822,572	11,136,101
Current assets	31,499,333	11,090,060
Non-current liabilities	--	(8,425,133)
Current liabilities	(5,625,833)	(6,500,108)
Net assets (100%)	32,696,072	7,300,920
Group's share of net assets	16,348,036	2,920,368
Carrying amount of interest in equity accounted investees	16,348,036	2,920,368
Revenue	8,516,966	22,536,095
Expenses	(6,005,014)	(21,113,798)
Profit for the period (100%)	2,511,952	1,422,297
Group's share of profit or loss	1,255,976	568,919

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

<i>In TL</i>	Net profit / (loss)
Port of Lisbon	1,255,976
Singapore Port	568,919
Group's share of profit and total comprehensive income	1,824,895

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

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

<i>In TL</i>	Port of Lisbon	Singapore Port
Percentage ownership interest	50%	40%
Non-current assets	1,283,603	10,094,004
Current assets	4,798,132	7,376,553
Non-current liabilities	--	(7,236,646)
Current liabilities	(4,117,730)	(5,650,656)
Net assets (100%)	1,964,005	4,583,255
Group's share of net assets	982,003	1,833,302
Carrying amount of interest in equity accounted investees	982,003	1,833,302
Revenue	2,929,868	15,497,584
Expenses	(2,799,317)	(16,777,418)
Profit / (loss) for the period (100%)	130,551	(1,279,834)
Group's share of profit or loss	65,276	(511,934)

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16 Equity-accounted investees (continued)

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

<i>In TL</i>	Net profit / (loss)
Port of Lisbon	65,276
Singapore Port	(511,934)
BPI's effect before acquiring the control for the nine months period ended 30 September 2014	3,866,536
Gain on bargain purchase (Note 6 (i) (d))	38,824,774
Group's share of profit and total comprehensive income	42,244,652

17 Other investments

Financial assets available for sale

As at 31 December 2015 and 2014, financial assets available for sale, comprised the following:

	2015	2014
Global Yatırım Holding bonds	41,678,871	31,881,979
Other bonds	406,176	--
Time deposits with the maturity more than 3 months	439,299	3,071,418
Other financial assets	6,634,799	--
Total	49,159,145	34,953,397

(*) The Group has purchased Global Yatırım Holding's bonds. The bonds' maturity is 30 June 2017 with an annual nominal interest rate of 11% and nominal amounts of USD 14,240,000 (31 December 2014: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 14,750,000).

As at 31 December 2015 and 2014, investments in equity instruments that are not quoted in an active market comprised the following:

	Share ratio (%)	31 December 2015	Share Ratio (%)	31 December 2014
Torba (*)	79.00	79,000	79.00	79,000
Randa (**)	99.99	22,232	99.99	22,232
Total		101,232		101,232

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

(**) Randa was purchased by Global Liman on 17 February 2011 for a consideration of Euro 10,000. As at 31 December 2015 and 2014, Randa is inactive and is excluded from the scope of consolidation due to immateriality.

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18 Taxation

Corporate tax

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

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate as at 31 December 2015 is 20% (2014: 20%).

The corporate tax rate in Spain for the 2015 year is determined at 28% (2014: 30%). There has been a reduction in the corporate income tax rate from 28% to 25% in 2016, according to the enacted law in Spain. The corporate tax rates in Netherlands, Malta and Montenegro are 25%, 35% and 9%, respectively.

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

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

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

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15% as at 31 December 2015 (31 December 2014: 15%).

Transfer pricing

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

Income withholding tax

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

Investment allowance

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

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18 Taxation (continued)

Investment allowance (continued)

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

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

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

Tax exemption on maritime operations

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

Tax expense

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

	2015	2014
Current tax charge	(18,201,803)	(12,013,140)
Deferred tax benefit	25,073,876	7,715,737
Total	6,872,073	(4,297,403)

As at 31 December 2015 and 2014, current tax liabilities for the period comprised the following:

	2015	2014
Current tax liability at 1 January	4,697,304	5,016,668
Current tax charge	18,201,803	12,013,140
Business combination effect (Note 6 ii.c)	628,968	--
Taxes paid during year	(18,002,961)	(12,332,504)
Total	5,525,114	4,697,304

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18 Taxation (continued)

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

	%	2015	%	2014
Profit before income tax		<u>40,350,052</u>		<u>56,897,765</u>
Tax using the Company's domestic tax rate	20	(8,070,009)	20	(11,379,553)
Effect of tax rates in foreign jurisdictions and effect of permanent differences in foreign acquisitions	(13)	5,219,006	--	(5,481,630)
Tax effect of:				
tax-exempt income	(12)	4,972,018	(7)	3,917,834
unrecognized tax losses	5	(1,909,234)	(2)	1,386,159
permanent differences	24	(9,541,015)	(7)	3,718,147
non-taxable income	17	(6,940,745)	14	(8,212,464)
change in tax rate	(38)	15,269,263		--
Disallowable expenses	(0)	17,254	2	(1,090,109)
Business combination	(8)	3,313,346	(27)	15,567,096
Donations	--	--	(3)	1,836,216
Other	(11)	4,542,189	8	(4,559,099)
	(17)	<u>6,872,073</u>	8	<u>(4,297,403)</u>

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18

Taxation (continued)

Deferred tax

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

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

Deferred tax assets and deferred tax liabilities as at 31 December 2015 and 2014 are attributable to the items detailed in the table below:

	2015		2014		2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets/ (liabilities), net	Deferred tax assets/ (liabilities), net	Deferred tax assets/ (liabilities), net	
Property and equipment and intangible assets	6,733,768	(295,205,052)	4,779,929	(223,087,347)	(288,471,284)	(218,307,418)		
Tax losses carried forward	3,916,365	--	3,730,760	--	3,916,365	3,730,760		
Provision for employment termination indemnity and vacation pay	1,031,169	--	476,759	--	1,031,169	476,759		
Available for sale financial assets	--	(3,033,486)	--	--	(3,033,486)	--		
Other	1,636,386	(6,903,405)	4,447,890	(5,949,838)	(5,267,019)	(1,501,948)		
Subtotal	13,317,688	(305,141,943)	13,435,338	(229,037,185)	(291,824,255)	(215,601,847)		
Set off of tax	(2,257,293)	2,257,293	(1,818,092)	1,818,092	--	--		
Total deferred tax assets/(liabilities)	11,060,395	(302,884,650)	11,617,246	(227,219,093)	(291,824,255)	(215,601,847)		

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18 Taxation (continued)

Deferred tax (continued)

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

	2015	2014
Balance at the beginning of the year	(215,601,847)	(104,861,085)
Deferred tax benefit in profit or loss	25,073,876	7,715,737
Acquired in business combination (Note 6 (ii)c)	(62,489,969)	(97,329,775)
Currency translation difference	(38,806,315)	(21,126,724)
	<u>(291,824,255)</u>	<u>(215,601,847)</u>

As at 31 December 2015 and 2014, the breakdown of the tax losses carried forward in terms of their final years of utilization is as follows:

	2015		2014	
	Recognized	Unrecognized	Recognized	Unrecognized
Expiry years of the tax losses carried forward				
2015	--	--	1,713,723	10,938,672
2016	12,500,081	18,373,624	12,500,081	16,309,945
2017	--	7,889,043	--	7,002,966
2018	--	2,333,966	--	2,071,821
2019	3,551,991	17,220,638	3,551,991	15,719,138
2020	3,529,752	9,083,227	--	--
	<u>19,581,824</u>	<u>54,900,498</u>	<u>17,765,795</u>	<u>52,042,542</u>

Unrecognized deferred tax assets

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses expire until 2020. Deferred tax assets have not been recognized in respect of some portion of these items since it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

Amounts recognized in OCI

	2015			2014		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
<i>In TL</i>						
Remeasurements of defined benefit liability	98,020	(19,604)	78,416	(28,260)	5,652	(22,608)
Foreign operations - foreign currency translation differences	164,490,539	--	164,490,539	41,796,902	--	41,796,902
Net investment hedge	(175,791,087)	35,158,217	(140,632,870)	(44,615,348)	8,923,069	(35,692,279)
Cash flow hedges	253,756	(63,439)	190,317	(2,685,205)	671,301	(2,013,904)
Total	(10,948,772)	35,075,174	24,126,402	(5,531,911)	9,600,022	4,068,111

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19 Trade and other receivables

As at 31 December 2015 and 2014, trade and other receivables comprised the following:

	2015	2014
Trade receivables	30,078,666	18,733,854
Deposits and advances given	40,136	186,235
Other receivables	1,116,755	1,329,740
Total trade and other receivables	31,235,557	20,249,829

As at 31 December 2015 and 2014, trade receivables comprised the following:

	2015	2014
Receivables from customers	30,078,666	18,733,854
Doubtful receivables	3,256,178	2,050,904
Allowance for doubtful receivables (-)	(3,256,178)	(2,050,904)
Total	30,078,666	18,733,854

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

	2015	2014
Balance at the beginning of the year	(2,050,904)	(455,630)
Allowance for the year	(515,808)	(1,617,685)
Business combination	(1,689,328)	--
Collections	795,369	--
Translation difference	(168,979)	--
Written off during the year	373,472	22,411
Balance at the end of the year	(3,256,178)	(2,050,904)

As at 31 December 2015 and 2014, current trade receivables mature between 0-1 months.

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

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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(Amounts expressed in Turkish Lira ("TL"))

20 Other assets

Other non-current assets

As at 31 December 2015 and 2014, other non-current assets comprised the following:

	2015	2014
Prepaid expenses	12,489,658	13,833,420
Housing loans given to personnel (*)	8,980,684	8,321,194
Advances given (**)	7,031,844	741,302
Deposits and guarantees given	40,471	629,014
Total	28,542,657	23,524,930

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

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

Other current assets

As at 31 December 2015 and 2014, other current assets comprised the following:

	2015	2014
Prepaid expenses	8,884,346	10,615,597
Advances given	12,753,960	6,478,634
Value added tax receivable	3,441,934	5,094,392
Prepaid taxes	458,431	3,806,958
Other	2,567,290	1,868,572
Total	28,105,961	27,864,153

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

21 Cash and cash equivalents

As at 31 December 2015 and 2014, cash and cash equivalents comprised the following:

	<u>2015</u>	<u>2014</u>
Cash on hand	279,702	302,157
Cash at banks	218,871,160	104,268,274
- Demand deposits	127,931,803	44,100,926
- Time deposits	90,939,357	60,167,348
Reverse repo	5,964,877	--
Cash and cash equivalents	<u>225,115,739</u>	<u>104,570,431</u>

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	225,115,739	104,570,431
Restricted cash	(12,731,635)	(1,055,459)
Cash and cash equivalents for cash flow statement purposes	<u>212,384,104</u>	<u>103,514,972</u>

As at 31 December 2015 and 2014, maturities of time deposits comprised the following:

	<u>2015</u>	<u>2014</u>
Up to 1 month	90,939,357	57,848,448
1-3 months	--	2,318,900
Total	<u>90,939,357</u>	<u>60,167,348</u>

As at 31 December 2015 and 2014, the ranges of interest rates for time deposits are as follows:

	<u>2015</u>	<u>2014</u>
Interest rate for time deposit-TL (highest)	13.00%	8.65%
Interest rate for time deposit-TL (lowest)	13.00%	8.65%
Interest rate for time deposit-USD (highest)	0.25%	0.50%
Interest rate for time deposit-USD (lowest)	0.25%	2.75%
Interest rate for time deposit-EUR (highest)	0.10%	2.70%
Interest rate for time deposit-EUR (lowest)	0.10%	0.05%

As at 31 December 2015, cash at banks amounting to TL 12,731,635 (31 December 2014: TL 1,055,459) is restricted due to the bank loan guarantees and subscription guarantees (Note 23).

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2015

(Amounts expressed in Turkish Lira ("TL"))

22 Capital and reserves

a) Share capital

As at 31 December 2014, the Company's statutory nominal value of paid-in share capital consists of 66,253,100 registered ordinary shares with a par value of TL 1 each. On 12 November 2015, the Company issued 8,054,299 new shares with a 1 TL par value which was purchased by EBRD for a consideration of TL 165,726,900. The difference between the consideration received and the value of shares amounting to TL 157,672,601 is recorded as premium on issued shares. As at 31 December 2015, the Company's statutory nominal value of paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each.

As at 31 December 2015 and 2014, the share ownership structure of the Company was as follows:

	<u>31 December 2015</u>		<u>31 December 2014</u>	
	<u>Value of Share</u>	<u>Proportion of share %</u>	<u>Value of Share</u>	<u>Proportion of share %</u>
Global Yatırım Holding A.Ş.	66,253,100	89.16	66,253,100	100.00
European Bank of Reconstruction and Development	8,054,299	10.84	--	--
Paid in capital (nominal)	74,307,399	100.00	66,253,100	100.00
Inflation accounting adjustment	16,583		16,583	
Inflation adjusted capital	74,323,982		66,269,683	

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to TL 331,724,437 (2014: TL 187,608,037) is recognized as a separate account under equity and comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and equity accounted investees from their functional currencies (of Euro and USD) to the presentation currency, TL.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit actually distributed after the deduction of the first level legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case of running out of arbitrary reserves. As at 31 December 2015, the legal reserves of the Group amounted to TL 21,267,694 (2014: TL 21,705,317).

(iii) Hedging reserves

Investment hedge

As at 31 December 2015, the effective portion of gain or loss arising from investment hedging instrument is recognized in other comprehensive income, net of tax amounting to TL 140,632,870 (31 December 2014: TL 35,692,279).

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(Amounts expressed in Turkish Lira ("TL"))

22 Capital and reserves (continued)

b) Nature and purpose of reserves (continued)

(iii) Hedging reserves (continued)

Cash flow hedge

The Group entered into interest rate swaps in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of these instruments amounting to TL 190,317 (31 December 2014: TL (2,013,904)) is recognized directly in equity at cash flow hedge reserve.

c) Dividends

Dividend distributions are made by the Company in TL in accordance with its articles, after deducting taxes and setting aside the legal reserves as discussed above. In 2015, General Assembly of GPH decided to distribute TL 55,138,947, TL 2,756,947 of this amount was transferred to the legal reserves, TL 52,382,000 was distributed to its shareholders. Another dividend distribution was made by Ege Liman to RCCL on which it has a non-controlling interest amounting to TL 6,998,518 and by Cruceros Malaga to Malaga Port Authority on which it has a non-controlling interest amounting to TL 1,710,600 (In 2014, the General Assembly decided to distribute TL 31,084,035. The dividend was paid in 2014).

d) OCI accumulated in reserves, net of tax

In TL	Attributable to owners of the Company			Total	NCI	Total OCI
	Translation reserve	Hedging reserve	Retained earnings			
2015						
Net investment and cash flow hedge	--	(140,442,553)	--	(140,442,553)	--	(140,442,553)
Foreign currency translation differences	144,116,400	--	--	144,116,400	20,374,139	164,490,539
Remeasurements of defined benefit liability	--	--	78,416	78,416	--	78,416
Total	144,116,400	(140,442,553)	78,416	3,752,263	20,374,139	24,126,402

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

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23

Loans and borrowings

As at 31 December 2015 and 2014, loans and borrowings comprised the following:

Short term loans and borrowings	2015	2014
Short term Eurobonds issued	56,219,614	44,846,642
- USD bank borrowings with fixed interest rates	56,219,614	44,846,642
Short term bank loans	9,288,935	5,005,317
- TL Loans	295,175	1,500,000
- Foreign currency loans	8,993,760	3,505,317
Short term portion of long term bank loans	36,816,802	16,529,397
- TL Loans	--	37,069
- Foreign currency loans	36,816,802	16,492,328
Finance lease obligations	4,152,841	3,672,445
Total	106,478,192	70,053,801

Long term loans and borrowings	2015	2014
Long term Eurobonds issued	678,119,076	540,850,456
- USD bank borrowings with fixed interest rates	678,119,076	540,850,456
Long term bank loans	225,162,399	158,785,244
- Foreign currency loans	225,162,399	158,785,244
Finance lease obligations	11,240,014	11,456,349
Total	914,521,489	711,092,049

As at 31 December 2015 and 2014, maturity profile of long term bank loans comprised the following:

Year	2015	2014
Between 1-2 years	90,336,485	60,647,514
Between 2-3 years	85,670,118	55,318,962
Between 3-4 years	82,296,609	51,175,305
Over 5 years	644,978,263	532,493,919
Total	903,281,475	699,635,700

As at 31 December 2015 and 2014, maturity profile of finance lease obligations comprised the following:

	2015			2014		
	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>
Less than one year	4,661,731	508,890	4,152,841	4,763,086	1,090,641	3,672,445
Between one and five years	13,399,135	2,159,121	11,240,014	13,745,079	2,288,730	11,456,349
Total	18,060,866	2,668,011	15,392,855	18,508,165	3,379,371	15,128,794

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23 Loans and borrowings (continued)

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

							31 December 2015		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	Interest rate %	Principal (TL)	Carrying value (TL)		
<u>Loans used to finance investments and projects</u>									
Unsecured Eurobonds (i)	Global Liman	USD	2021	Fixed	8.13	726,900,000	734,338,690		
Unsecured Loan	Bodrum Liman	USD	2016	Fixed	7.75	444,330	452,766		
Secured Loan (ii)	BPI	EUR	2023	Floating	Euribor + 4.00	129,997,036	126,327,865		
Secured Loan (iii)	Malaga Port	EUR	2025	Floating	Euribor + 1.75	21,171,510	21,066,895		
Secured Loan	VCP	EUR	2026	Floating	Euribor + 4.00	33,940,476	34,977,423		
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	69,907,200	70,240,927		
Secured Loan	Port of Adria	EUR	2015	Floating	Euribor + 6.20	2,001,091	2,001,091		
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	859,883	858,706		
						985,221,526	990,264,363		
<u>Loans used to finance working capital</u>									
Unsecured Loan	Global Liman	TL	2016	Fixed	11.70	295,175	295,175		
Unsecured Loan	Ege Liman	USD	2016	Fixed	6.25	2,907,600	2,776,649		
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.20	3,779,880	3,779,880		
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.75	436,140	436,140		
Secured Loan (ii)	Creuters	EUR	2024	Floating	Euribor + 4.00	7,622,242	7,435,533		
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	619,710	619,086		
						15,660,747	15,342,463		
<u>Finance lease obligations</u>									
Leasing (iv)	Ortadoğu Liman	USD	2,019	Fixed	7.35	4,143,257	4,143,257		
Leasing (v)	Ortadoğu Liman	USD	2,020	Fixed	7.35	913,771	913,771		
Leasing	Ortadoğu Liman	USD	2,018	Fixed	7.35	604,068	604,068		
Leasing	Ortadoğu Liman	USD	2,017	Fixed	7.35	373,400	373,400		
Leasing	Ortadoğu Liman	USD	2,019	Fixed	5.75	339,730	339,730		
Leasing	Ortadoğu Liman	USD	2,019	Fixed	7.35	73,751	73,751		
Leasing (vi)	Ege Liman	EUR	2020	Fixed	7.75	8,330,527	8,330,527		
Leasing	Ege Liman	USD	2017	Fixed	6.50	215,318	215,318		
Leasing	Ege Liman	USD	2018	Fixed	6.00	223,843	223,843		
Leasing	Ege Liman	USD	2017	Fixed	5.75	61,078	61,078		
Leasing	Ege Liman	USD	2017	Fixed	6.00	114,112	114,112		
						15,392,855	15,392,855		
						1,016,275,128	1,020,999,681		

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23 Loans and borrowings (continued)

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

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

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23 Loans and borrowings (continued)

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

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

Eurobonds contains the certain following covenants;

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

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

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

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23 Loans and borrowings (continued)

- (iv) On June 2014, Ege Liman has signed a finance lease agreement for financial investments with the interest rate of 7.75% with the maturity at 2020.
- (v) On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port tugboat with the interest rate of 7.35% having the maturity of 16 July 2020.
- (vi) On 27 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port forklift with the interest rate of 7.35% having the maturity of 16 August 2019.
- (vii) Global Ports Europe BV entered into a loan amounting to EUR 22,000, thousand in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, on May and November of each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principle amount of the loan as at 31 December 2015 is Euro 22,000 thousand (31 December 2014: None).

24 Trade and other payables

As at 31 December 2015 and 2014, current trade and other payables comprised the following:

	<u>2015</u>	<u>2014</u>
Payables to suppliers	18,056,884	11,723,849
Taxes payable and social security contributions	6,826,937	6,739,315
Due to subsidiaries' other shareholders	6,773,803	5,349,295
Payables to personnel	3,228,915	2,963,426
Deposits received	1,293,796	1,281,907
Advances received	1,483,823	805,249
Expense accruals	2,796,835	740,413
Deferred revenue	1,483,288	8,493
Other	696,991	1,145,565
Total	<u>42,641,272</u>	<u>30,757,512</u>

The Group's exposure to currency and liquidity risk related to the trade and other payables is disclosed in Note 31.

25 Employee benefits

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

The amount payable consists of one month's salary limited to a maximum of TL 3,828.37 for each period of service at 31 December 2015 (2014: TL 3,438.22).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2015, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

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As at and for the Year Ended 31 December 2015

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25 Employee benefits (continued)

Ceiling amount of TL 4,092.53 which is in effect since 1 January 2016 is used in the calculation of Groups' provision for retirement pay liability (1 January 2015: TL 3,541.37). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.23%	3.81%
Turnover rate for the expectation of retirement probability	90%-100%	90%-100%

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

	<u>2015</u>	<u>2014</u>
1 January	3,597,886	3,641,454
Included in profit or loss		
Current service costs and interest	812,790	729,911
Included in OCI		
Actuarial (gains) / losses	(98,020)	28,260
Other		
Benefits paid	(425,295)	(985,702)
Foreign currency translation differences	367,938	183,963
31 December	<u><u>4,255,299</u></u>	<u><u>3,597,886</u></u>

26 Provisions

	<u>31 December 2015</u>	<u>31 December 2014</u>
Non-current		
Replacement provisions for Creuers (*)	33,762,103	23,085,063
Restructuring provisions for Port of Adria (**)	7,463,554	7,844,289
Total	<u><u>41,225,657</u></u>	<u><u>30,929,352</u></u>

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

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

	<u>31 December 2015</u>	<u>31 December 2014</u>
Current		
Other	1,196,336	1,410,742
Total	<u><u>1,196,336</u></u>	<u><u>1,410,742</u></u>

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26 Provisions (continued)

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

	<u>2015</u>	<u>2014</u>
Balance at 1 January	32,340,094	16,643,739
Assumed in a business combination (Note 6)	--	23,113,791
Provisions made during the year	7,867,622	4,457,502
Provisions used during the year	(2,094,469)	(11,112,481)
Currency translation difference	4,050,579	(762,457)
Balance at 31 December	42,163,826	32,340,094
Non-current	41,225,657	30,929,352
Current	1,196,336	1,410,742
	42,421,993	32,340,094

27 Earnings per share

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

	<u>2015</u>	<u>2014</u>
Net profit for the period	40,958,222	48,846,212
Weighted average number of shares	67,336,588	66,253,100
Earnings per share with par value of TL 1	0.6083	0.7373

28 Commitment and contingencies

(a) Lawsuits

There are pending lawsuits that have been filed against or by the Group. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for the possible expenses and liabilities. The amount of provision that has been accounted for as at 31 December 2015 is TL 189,658 (31 December 2014: TL 289,289).

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

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

While that above mentioned appeal was pending, the Group lawyers filed a lawsuit for the cancellation of each and all the administrative acts of the Kuşadası Municipality against Ege Liman including "termination of the occupancy and construction permit", "termination of cease and desist order", "demolishment", "evacuation and demolishment" acts, based on the cancellation award of the Council of State.

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

TDİ and Ege Lİman intervened specifically for the “evacuation” and “evacuation and demolition” cases, and the court of first instance first issued the stay of execution; however, then the court dismissed the case. This judgment of the court was appealed by the Group and the TDİ, the Council of State decided to reverse the decision of the court of first instance in favour of Ege Liman. The Municipality applied for the revision of such decision, however such request was denied by the Council of State. Aydın 1st Administrative Court, in accordance with the reverse award of the Council of State, decided for cancellation of “evacuation” and “demolishment and evacuation” acts of the Kuşadası Municipality. This judgment was appealed by the Municipality and the case is pending.

Upon cancellation of the zoning plan dated 2006 in 2009, the Ministry of Public Works has approved the new zoning plan for Kuşadası on 28 October 2010 but there have been objections. However, the Ministry of Public Works evaluated the objections and rejected them on the below-mentioned grounds and approved the new zoning plan with its writ dated 31 January 2011:

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

Court rendered a stay of execution decision and the Group lawyers have appealed the stay of execution. Plenary Session of Administrative Law Divisions of the Council of State has sustained such objection. This decision of the Council of State has been challenged by the plaintiffs requesting a stay of execution; however Council of State has rejected this request. The new zoning plan has entered into force. Later on, upon cancellation of the newly enacted article by the Constitutional Court regarding some privatization transactions and a stay of execution decision by the Council of State regarding the relevant Council of Ministers’ decision, the Plaintiff raised an objection to the former decision of the Council of State regarding rejection of the stay of execution and the Plenary Session of Administrative Law Divisions of the Council of State has accepted the claim of the Plaintiff and decided that the stay of execution request should be reviewed and resolved again in the light of above mentioned developments. The file is examined by the 6th Chamber of Council of State and a stay of execution is granted. The Council of State decided on 26 November 2015, that “there are no grounds to make a judgment on a court file without a merit” based on the fact that a new zoning plan is issued for Ege Liman in 2015, as stated below.

Ministry of Environment and Urbanization has approved a new zoning plan. The plan has become known to public on 9 November 2015, and it received some objections from the local authorities in Kuşadası. The Ministry is now evaluating such objections.

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

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

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

The decision was approved by the Court of Appeals, and the Group lawyers requested a revision of the decision, which the court has rejected. The Group lawyers have commenced enforcement proceedings, which were objected by the Privatization Authority. Upon this, the Group lawyers have filed a lawsuit in Ankara 5th Commercial Court, but the court has denied the lawsuit on the basis that such lawsuit is subject to administrative law, and such decision has been finalized. Accordingly, the Group lawyers have filed a lawsuit before the administrative court, which was also denied based on the lack of subject matter jurisdiction. The file was sent to the Court of Conflicts, and the Court of Conflicts decided that the file should be tried by the ordinary courts and sent the file back to Ankara 5th Commercial Court. The file is pending. The Court decided that the file should receive an expert opinion and the expert reported in favor of the Group. Upon this, the defendant has objected to the expert report, and the new expertise was as well on behalf of the Group, however with lack of some information. The Group lawyers requested the revision of the expert report accordingly.

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

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28 Commitments and contingencies (continued)

(a) Lawsuits (continued)

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

Port Akdeniz filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. Privatization Administration filed its defense on 12 May 2014 and Port Akdeniz submitted its reply to the defense in due time. The Court decided for the dismissal of the case with prejudice, which will be appealed once the judgment is delivered.

Ege Ports filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. Both authorities filed their defense, the file was rejected by its court. Ege Ports appealed this decision and the case is pending before the Council of State.

Bodrum Cruise Port filed a lawsuit against (i) Ministry of Finance General Directorate of National Estate, (ii) the District Governorship of Bodrum and (iii) the Ministry of Transportation, Maritime Affairs and Communication requesting cancellation with respect to rejection of the extension applications. The Ministry of Transportation, Maritime Affairs and Communication filed its defense and Bodrum Cruise Port submitted its reply in due time. Bodrum Cruise Port succeeded in the case and Muğla Administrative Court, in favor of the Company, cancelled the governmental authorities' unfavorable decisions. The decision is appealed by the governmental authority and the appeal is pending.

(b) Guarantees

As at 31 December 2015 and 2014, the letters of guarantee given comprised the following:

Letters of guarantee	2015	2014
Given to Privatization Administration / Port Authority	13,821,870	6,818,046
Given to Electricity Distribution Companies	119,184	534,793
Given to courts	--	154,590
Others	315,373	738,284
Total letter of guarantee	14,256,427	8,245,713

Other collaterals are disclosed in Note 23.

(c) Contractual obligations

Ege Liman

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

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

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Ortadoğu Liman

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

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

Bodrum Liman

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

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

Port of Adria

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

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

Barcelona Cruise Port

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

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

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Barcelona Cruise Port (continued)

After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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

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

Malaga Cruise Port

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

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

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

Valetta Cruise Port

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

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28 Commitments and contingencies (continued)

(d) Operating leases

Lease as lessee

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

	<u>31 December 2015</u>	<u>31 December 2014</u>
Less than one year	4,305,071	1,990,916
Between one and five years	15,885,157	6,246,257
More than five years	218,902,208	30,463,560
	<u>239,092,436</u>	<u>38,700,733</u>

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

For the year ended 31 December 2015 payments recognized as rent expense were TL 2,304,701 (2014: TL 1,319,603).

Lease as lessor

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

	<u>31 December 2015</u>	<u>31 December 2014</u>
Less than one year	8,675,965	7,080,839
Between one and five years	14,365,218	18,910,234
More than five years	20,259,377	14,389,315
	<u>43,300,560</u>	<u>40,380,388</u>

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

During the year ended 31 December 2015, TL 18,670,840 (2014: TL 14,681,278) was recognized as rental income in the consolidated statement of profit or loss and other comprehensive income.

29 Service concession arrangement

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

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

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

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

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29 Service concession arrangement (continued)

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

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

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

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

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

30 Related parties

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

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

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30 Related parties (continued)

Due from related parties

As at 31 December 2015 and 2014, current receivables from related parties comprised the following:

Current receivables from related parties	2015	2014
Global Yatırım Holding (*)	103,239,493	103,412,152
Adonia Shipping (**)	5,235,237	3,833,034
IEG Kurumsal Finansal Danışmanlık A.Ş. (**)	--	1,306,468
Naturel Gaz (**)	210,067	274,622
Mehmet Kutman	224,957	207,952
Torba	90,105	85,667
Others	1,991,540	546,459
Total	110,991,399	109,666,354

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

(**) These amounts are related with the work advances. The charged interest rate is 10.50% as at 31 December 2015 (31 December 2014: 10.50%).

As at 31 December 2015 and 2014, non-current receivables from related parties comprised the following:

Non-current receivables from related parties	2015	2014
Torba (*)	5,029,659	5,029,659
Total	5,029,659	5,029,659

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

Other investments

As at 31 December 2015, the Group has Global Yatırım Holding bonds amounting to TL 41,678,871 with a nominal value of USD 14,240,000 (2014: TL 31,881,979 with a nominal value of USD 14,750,000) which are classified as available for sale financial assets. There is no accrued interest as of 31 December 2015 and 2014.

As at 31 December 2015, the Group does not have Global Yatırım Holding share certificates (2014: None).

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30 Related parties (continued)

Due to related parties

As at 31 December 2015 and 2014, current payables to related parties comprised the following:

Current payables to related parties	2015	2014
Mehmet Kutman	717,726	739,755
Global Sigorta (*)	1,214,411	311,490
Global Menkul (*)	34,371	38,431
Other	71,329	29,164
Total	2,037,837	1,118,840

(*) These amounts are related to professional services taken. The charged interest rate is 10.50% as at 31 December 2015 (31 December 2014: 10.50%).

Transactions with related parties:

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

	2015		2014	
	Interest received	Other	Interest received	Other
Global Yatırım Holding	7,209,648	--	4,509,631	--
Total	7,209,648	--	4,509,631	--

	2015		2014	
	Interest Given	Other	Interest given	Other
Global Yatırım Holding	80,854	11,400	68,546	7,200
Global Menkul	2,661	--	4,816	118,920
Total	83,515	11,400	73,362	126,120

As at 31 December 2015 and 2014, the Group has Global Yatırım Holding bonds with a nominal value of USD 14,240,000 for a consideration of TL 41,678,871 (2014: Global Yatırım Holding bonds with a nominal value of USD 14,750,000 for a consideration of TL 31,881,979). The bonds' maturity is 30 September 2017 with an annual interest rate of 11%.

For the year ended 31 December 2015, the Group recognized interest income on these bonds amounting to TL 6,901,045 (2014: TL 4,500,911). For the year ended 31 December 2015, the effective interest rate was 14.95% (2014: 14.95%). For the year ended 31 December 2015, the Group accounted for a gain amounting to TL 295,573 from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (2014: a loss of TL 379,795).

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30 Related parties (continued)

Transactions with key management personnel

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

	<u>2015</u>	<u>2014</u>
Salaries	5,761,846	6,127,843
Bonus	134,264	1,913,573
Attendance fees to Board of Directors	1,306,661	1,089,710
Compensation of seniority expenses - including provision and payments	--	1,016,572
Severance indemnity payments	133,088	151,661
Total	<u>7,335,859</u>	<u>10,299,359</u>

31 Financial risk management

Overview

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

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

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

Risk management framework

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

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

Credit risk

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

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

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

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31 Financial risk management (continued)

Liquidity risk

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

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

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

Market risk

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

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

Currency risk

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

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

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

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. As at 31 December 2015 and 2014, the Group uses derivative instruments to hedge interest rate risk as disclosed in Note 31.

Operational risk

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

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31 Financial risk management (continued)

Operational risk (continued)

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

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

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

Capital management

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

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Financial risk management (continued)

Credit risk

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

	RECEIVABLES					Total	
	Trade receivables	Due from related parties		Other receivables	Cash at banks		Financial investments
31 December 2015							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	17,604,558	116,021,058	544,400	224,836,037	49,159,145	408,165,198	
<i>Net book value of assets overdue but not exposed to impairment</i>	12,474,108	--	572,355	--	--	13,046,463	
<i>Net book value of assets exposed to impairment</i>	--	--	--	--	--	--	
<i>- Overdue (gross book value)</i>	3,256,178	--	--	--	--	3,256,178	
<i>- Impairment(-)</i>	(3,256,178)	--	--	--	--	(3,256,178)	
Maximum credit risk exposure at reporting date	30,078,666	116,021,058	1,116,755	224,836,037	49,159,145	421,211,661	
31 December 2014							
<i>Net book value of financial assets not overdue or not exposed to impairment</i>	12,977,059	11,283,861	122,958	104,268,274	34,953,397	163,605,549	
<i>Net book value of assets overdue but not exposed to impairment</i>	5,756,795	--	1,206,782	--	--	6,963,577	
<i>Net book value of assets exposed to impairment</i>	--	--	--	--	--	--	
<i>- Overdue (gross book value)</i>	2,050,904	--	--	--	--	2,050,904	
<i>- Impairment(-)</i>	(2,050,904)	--	--	--	--	(2,050,904)	
Maximum credit risk exposure at reporting date	18,733,854	11,283,861	1,329,740	104,268,274	34,953,397	170,569,126	

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

	Trade receivables	
	31 December 2015	31 December 2014
1 to 30 days overdue	7,199,524	3,438,859
1 to 3 months overdue	4,133,030	1,699,158
3 to 12 months overdue	1,141,554	618,778
Total	12,474,108	5,756,795

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Financial risk management (continued)

Liquidity risk

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

31 December 2015	Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
CONTRACTUAL MATURITIES						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	1,005,606,826	1,400,102,448	32,799,758	110,521,528	413,303,641	843,477,521
Finance lease liabilities	15,392,855	18,060,866	1,165,433	3,496,298	13,399,135	--
Other financial liabilities	7,027,865	7,906,256	--	782,868	2,150,533	4,972,855
Trade and other payables	30,240,416	30,240,416	3,366,223	26,874,193	--	--
Due to related parties	2,037,837	2,037,837	--	2,037,837	--	--

31 December 2014

31 December 2014	Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
CONTRACTUAL MATURITIES						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	766,017,056	1,126,457,108	1,105,125	173,719,428	247,995,009	703,637,546
Finance lease liabilities	15,128,794	18,508,165	1,190,772	3,572,314	11,300,431	2,444,648
Trade and other payables	21,986,934	21,986,934	2,490,578	19,496,356	--	--
Due to related parties	1,118,840	1,118,840	--	1,118,840	--	--

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31 Financial risk management (continued)

Market risk

Currency risk

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

	31 December 2015			
	TL equivalents	USD	EURO	TL
Trade receivables	4,629,103	181,612	308,249	3,121,556
Other financial assets	161,568,987	14,024,536	35,692,901	7,373,484
Current assets	166,198,090	14,206,148	36,001,150	10,495,040
Financial assets	19,556,875	4,105,231	--	7,620,505
Non-current assets	19,556,875	4,105,231	--	7,620,505
Total assets	185,754,965	18,311,379	36,001,150	18,115,545
Trade payables	19,430,086	1,261,058	274,312	14,891,780
Financial liabilities	5,526,911	1,046,642	781,626	--
Other financial liabilities	4,654,629	--	--	4,654,629
Current liabilities	29,611,626	2,307,700	1,055,938	19,546,409
Financial liabilities	43,168,359	12,624,562	2,033,353	--
Other financial liabilities	2,171,188	--	--	2,171,188
Non-current liabilities	45,339,547	12,624,562	2,033,353	2,171,188
Total liabilities	74,951,173	14,932,262	3,089,291	21,717,597
Net foreign currency position	110,803,792	3,379,117	32,911,859	(3,602,052)

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31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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

	31 December 2014			
	TL equivalents	USD	EURO	TL
Trade receivables	2,259,591	--	643,671	443,988
Other financial assets	60,271,389	18,530,155	2,473,244	10,325,533
Current assets	62,530,980	18,530,155	3,116,915	10,769,521
Financial assets	10,964,478	4,360,760	--	852,312
Non-current assets	10,964,478	4,360,760	--	852,312
Total assets	73,495,458	22,890,915	3,116,915	11,621,833
Trade payables	14,569,235	--	102,323	14,280,613
Financial liabilities	6,116,397	1,160,377	669,525	1,537,069
Other financial liabilities	4,516,707	--	--	4,516,707
Current liabilities	25,202,339	1,160,377	771,848	20,334,389
Financial liabilities	39,257,235	13,994,147	2,412,950	--
Other financial liabilities	1,908,403	--	--	1,908,403
Non-current liabilities	41,165,638	13,994,147	2,412,950	1,908,403
Total liabilities	66,367,977	15,154,524	3,184,798	22,242,792
Net foreign currency position	7,127,481	7,736,391	(67,883)	(10,620,959)

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31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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

Sensitivity Analysis

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2015 and 2014 would have increased equity or profit or loss, excluding tax effects, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2015	PROFIT / LOSS		EQUITY	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/liability	982,512	(982,512)	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	982,512	(982,512)	--	--
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/liability	10,458,072	(10,458,072)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	10,458,072	(10,458,072)	--	--
TOTAL (3+6)	11,440,584	(11,440,584)	--	--

31 December 2014	PROFIT / LOSS		EQUITY (*)	
	Increase	Decrease	Increase	Decrease
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/liability	1,793,992	1,793,992	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	1,793,992	(1,793,992)	--	--
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/liability	(19,148)	19,148	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	(19,148)	19,148	--	--
TOTAL (3+6)	1,744,844	(1,744,844)	--	--

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31 Financial risk management (continued)

Market risk (continued)

Interest rate risk

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

Interest rate exposure		31 December 2015	31 December 2014
Fixed-rate financial instruments			
Financial assets	Cash at banks	96,904,234	63,238,766
	Available for sale financial assets	49,159,145	31,881,979
Financial liabilities	Loans and borrowings	(758,949,947)	(607,706,533)
	Other financial liabilities	(7,027,865)	--
		(619,914,433)	(512,585,788)
Effect of interest rate swap		(133,950,107)	(151,478,602)
		(753,864,540)	(664,064,390)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(262,049,734)	(173,439,317)
Effect of interest rate swap		133,950,107	151,478,602
		(128,099,627)	(21,960,715)

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2015, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by TL 1,280,996 (2014: higher by TL 219,607) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by TL 1,280,996 (2014: lower by TL 219,607).

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31 Financial risk management (continued)

Fair values

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

	Note	31 December 2015		31 December 2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	21	225,115,739	225,115,739	107,641,849	107,641,849
Trade and other receivables	19	31,235,557	31,235,557	20,249,829	20,249,829
Due from related parties	30	116,021,058	116,021,058	114,696,013	114,696,013
Other assets	20	28,105,961	28,105,961	27,864,155	27,864,155
Other investments	17	49,159,145	49,159,145	31,881,979	31,881,979
Total		449,637,460	449,637,460	302,333,825	302,333,825
Financial liabilities					
Loans and borrowings	23	1,020,999,681	1,020,999,681	781,145,850	781,145,850
Other financial liabilities		7,027,865	7,027,865	--	--
Derivative financial liabilities		2,771,205	2,771,205	2,689,102	2,689,102
Trade and other payables	24	30,240,416	30,240,416	21,986,934	21,986,934
Due to related parties	30	2,037,837	2,037,837	1,118,840	1,118,840
Total		1,063,077,004	1,063,077,004	806,940,726	806,940,727

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

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

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

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

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2015				
Derivative financial liabilities	--	2,771,205	--	2,771,205
31 December 2014				
Share certificates of Global Yatırım Holding	--	2,689,102	--	2,689,102

32 Events after the reporting date

None.