GLOBAL LİMAN İŞLETMELERİ A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019
AND INDEPENDENT AUDITOR'S REPORT

13 April 2020

This report includes 6 pages of independent auditors' report and 99 pages of consolidated financial statements together with their explanatory notes.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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Independent Auditors' Report

To the Shareholders of Global Liman İşletmeleri Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Global Liman İşletmeleri Anonim Şirketi ("the Company") and its subsidiaries, and its investments in joint operations ("collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group's ability to continue as a going concern

Refer to Notes 3 (f) to the consolidated financial statements for summary of significant accounting policies.

The Key Audit Matter	How the matter was addressed in our audit
The consolidated financial statements have been prepared on a going concern basis. Management's evaluation on whether the going concern basis is appropriate for the consolidated financial statements involves significant judgements on the inherent risks to the Group's business model and how those risks affect the Group's liquidity and ability to continue its operations for a period of at least twelve months following the date of approval of the consolidated financial statements. Foremost risk to the Group's ability to continue as a going concern is the COVID-19 pandemic causing a 'shutdown' of cruise ports operated by the Group, continuing for prolonged period and the impact this would have on the Group's liquidity and ability to comply with covenants linked to its borrowing facilities Other less but realistic impact associated with COVID-19 include an economic downturn on the financial performance for Group's operations at Port Akdeniz, the failure to renew the Group's financing facilities, and the rights allowing the Group to operate its ports not being extended or terminated before they expire. Management's evaluation of whether there is a material uncertainty with regards to the Group's ability to continue as a going concern is considered to be a key audit matter because the assessment is dependent upon certain management assumptions and judgements and due to the inherent uncertainty involved in forecasting future cash flows.	Our audit procedures performed related to this matter are listed: • We evaluated the sensitivities of the Group's financial forecasts of available financial resources and cash flows taking account of the reasonably possible adverse effects that could arise from these risks individually and collectively. In addition, we considered whether these scenarios led to the breach of covenants linked to the Group's borrowing facilities. • We challenged the appropriateness of management's assumptions with regards to the decline in the Group's passenger and ancillary revenues from cruise operations and the decrease in marble exports from Port Akdeniz. • We assessed the management's intentions for refinancing the Eurobond before its maturity in November 2021 through inquiries and inspection of correspondences with potential financial advisors and challenged the extent to which the Group's financial forecasts rely on funding which has not yet been secured by comparing forecast cash inflows from financing activities to existing signed loan agreements. • We evaluated the achievability of the possible actions to be taken by the management should the risks materialise; including the reduction of planned capital expenditure and potential cost savings. • We assessed the completeness and accuracy of the matters covered in the going concern disclosure by comparing these to the Group's internally generated cash flow forecast projections and downside scenarios.

Initial application of the new IFRS 16 – Leases accounting standard

Refer to Notes 2, 3 (m) and 29 to the consolidated financial statements for summary of significant accounting policies.

<table>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group applied IFRS 16, effective as of 1 January 2019 and the following reporting periods, using the modified retrospective approach. Accordingly, the Group has not restated its comparative information.

The Group is a party to various lease contracts, including leases for port operating concession agreements and real estate properties. As at 31 December 2019, the Group has recognised right-of-use ("ROU") assets of USD 46,785 thousand and lease liabilities of USD 52,728 thousand for the aforementioned lease contracts.

The Group's assessment of whether the service concession agreements for their port operations fall within the scope of IFRS 16 or IFRIC 12 requires significant management judgement.

Application of IFRS 16 is considered to be a key audit matter due to the complexity of the accounting requirements, including the use of significant estimates such as discount rates, as well as the material effect of the new standard on financial statements.</td><td>Our audit procedures performed related to this matter are listed:
• We gained an understanding of the process used by the Group to implement the new IFRS 16 accounting standard and evaluated the appropriateness of the process to identify the lease contracts or contracts involving lease components through inquiries with the management.

• We evaluated the completeness, accuracy and relevance of the data used in the calculation of lease liabilities.

• We inspected the lease contracts between the Group and the lessors and evaluated whether the leases were appropriately identified within the scope of IFRS 16.

• We evaluated the appropriateness of the discount rates for lease contracts based on their maturities and currencies.

• We assessed the mathematical accuracy of underlying calculations for ROU assets and lease liabilities and agreed the related inputs to the lease contracts.

• We evaluated whether the disclosures made in the consolidated financial statements pertaining to leases, including disclosures relating to the transition to IFRS 16, were appropriate.</td></tr>
</table>

Impairment of Goodwill and Port Operation Rights

Refer to Notes 13 and 14 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of goodwill and port operation rights.

The Key Audit Matter	How the matter was addressed in our audit
The Group has recognized goodwill in the amount of USD 13,485 thousand (2018: USD 13,485 thousand) and port operation rights in the amount of USD 355,173 thousand (2018: USD 390,887). The goodwill has been recognized for Ege Liman, a cruise port in Turkey which is only cash-generating unit (CGU). The impairment testing of goodwill and port operation rights are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. Group management carries out impairment testing for goodwill on an annual basis and port operation rights with finite live (port concession period) in case there are indicators of impairment. The recoverable amount of the CGU and port operation rights, which are based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future passenger numbers, calls, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate). Due to the management estimates and judgements used for goodwill impairment tests, we have identified this matter as a key audit matter.	Our audit procedures performed related to this matter are listed: • We involved our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGUs operate; • We evaluated the appropriateness of the assumptions applied to key inputs such as ship calls, passenger numbers, prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; • We performed our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the goodwill and port operation rights; and • We evaluated the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Ruşen Fikret Selamet, SMMM
Partner
13 April 2020
İstanbul, Turkey

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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

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

	Notes	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Revenue	*6*	113,639	124,812
Cost of sales	*6*	(77,943)	(77,523)
Gross profit		**35,696**	**47,289**
Other income	*7*	3,340	19,554
Selling and marketing expenses	*9*	(1,583)	(910)
Administrative expenses	*10*	(12,085)	(13,124)
Other expense	*8*	(7,563)	(11,482)
Operating profit		**17,805**	**41,327**
Finance income	*11*	6,791	26,726
Finance costs	*11*	(41,079)	(59,720)
Net finance costs		**(34,288)**	**(32,994)**
Share of profit of equity-accounted investees	*15*	5,580	5,631
(Loss)/ Profit before tax		**(10,903)**	**13,964**
Income tax benefit/ (expense)	*17*	(1,855)	(1,480)
(Loss)/ Profit for the year		**(12,758)**	**12,484**
Profit for the year attributable to:			
Owners of the Company		(15,992)	6,118
Non-controlling interests	*23*	3,234	6,366
		(12,758)	**12,484**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in currency translation difference		21,768	52,199
Remeasurement of defined benefit obligation	*26*	(40)	(19)
Income tax relating to items that will not be reclassified subsequently to profit or loss		9	4
		21,737	**52,184**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(2,205)	(9,427)
Cash flow hedges - effective portion of changes in fair value		89	155
Losses on a hedge of a net investment	*17*	(24,725)	(59,785)
		(26,841)	**(69,057)**
Other comprehensive loss for the year, net of income tax		**(5,104)**	**(16,873)**
Total comprehensive income/(loss) for the year		**(17,862)**	**(4,389)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(19,405)	(6,241)
Non-controlling interests	23	1,543	1,852
		(17,862)	**(4,389)**
Basic and diluted earnings per share	*28*	**(21.52)**	**8.23**

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of financial position

As at 31 December 2019

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

	Notes	As at 31 December 2019	As at 31 December 2018
Non-current assets			
Property and equipment	*12*	122,979	129,312
Right of Use Assets	*29*	46,785	--
Investment Property	*32*	2,139	--
Intangible assets	*13*	356,118	392,361
Goodwill	*14*	13,485	13,485
Equity-accounted investees	*15*	26,575	26,003
Other non-current assets	*19*	4,573	4,626
Deferred tax assets	*17*	2,179	3,066
Other investments	*16*	4	4
		574,837	**568,857**
Current assets			
Trade and other receivables	*18*	23,928	19,987
Due from related parties	*31*	17,943	2,263
Other investments	*16*	71	72
Other current assets	*19*	2,297	2,937
Inventories	*20*	1,390	1,454
Prepaid taxes		1,845	1,363
Cash and cash equivalents	*21*	46,921	79,280
		94,395	**107,356**
Total assets		**669,232**	**676,213**
Non-current liabilities			
Loans and borrowings	*24*	346,262	298,296
Other financial liabilities	*33*	2,311	3,410
Derivative financial liabilities	*33*	485	617
Deferred tax liabilities	*17*	84,715	92,294
Provisions	*27*	7,775	8,861
Employee benefits	*26*	869	797
		442,417	**404,275**
Current liabilities			
Loans and borrowings	*24*	62,810	48,755
Trade and other payables	*25*	16,193	14,344
Other financial liabilities		456	--
Due to related parties	*31*	629	7,324
Current tax liabilities	*17*	2,725	2,459
Provisions	*27*	2,016	955
		84,829	**73,837**
Total liabilities		**527,246**	**478,112**
Net assets		**141,986**	**198,101**
Equity			
Share capital	*22*	33,836	33,836
Share premium	*22*	54,539	54,539
Legal reserves	*22*	13,144	13,030
Hedging and translation reserves	*22*	(863)	2,519
Retained earnings		(44,891)	3,133
Equity attributable to equity holders of the Company		**55,765**	**107,057**
Non-controlling interests	23	**86,221**	**91,044**
Total equity		**141,986**	**198,101**

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 2019

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

	Notes	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2018		**33,836**	**54,539**	**13,012**	**(135,763)**	**150,626**	**1,957**	**118,207**	**92,895**	**211,102**
Income for the year		--	--	--	--	--	6,118	**6,118**	6,366	**12,484**
Other comprehensive income for the year	*22*	--	--	--	(59,630)	47,286	(15)	**(12,359)**	(4,514)	**(16,873)**
Total comprehensive income for the year		**--**	**--**	**--**	**(59,630)**	**47,286**	**6,103**	**(6,241)**	**1,852**	**(4,389)**
Transactions with non-controlling interest		**--**	--	--	--	--	**--**	**--**	94	**94**
Transfer to legal reserves		--	--	18	--	--	(18)	**--**	--	**--**
Dividends	*22(c)*	--	--	--	--	--	(4,909)	(4,909)	(3,797)	**(8,706)**
Total contributions and distributions		**--**	**--**	**18**	**--**	**--**	**(4,927)**	**(4,909)**	**(3,703)**	**(8,612)**
Balance at 31 December 2018		**33,836**	**54,539**	**13,030**	**(195,393)**	**197,912**	**3,133**	**107,057**	**91,044**	**198,101**

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 2019
(Amounts expressed in USD 000's ("USD'000"))

	Notes	**Share capital**	**Share premium**	**Legal reserves**	**Hedging reserves**	**Translation reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total Equity**
Balance at 1 January 2019		**33,836**	**54,539**	**13,030**	**(195,393)**	**197,912**	**3,133**	**107,057**	**91,044**	**198,101**
Income for the year		--	--	--	--	--	(15,992)	**(15,992)**	3,234	**(12,758)**
Other comprehensive income for the year	*22*	--	--	--	(24,636)	21,254	(31)	**(3,413)**	(1,691)	**(5,104)**
Total comprehensive income for the year		**--**	**--**	**--**	(24,636)	21,254	(16,023)	**(19,405)**	1,543	**(17,862)**
Transactions with non-controlling interest										
Transfer to legal reserves		--	--	114	--	--	(114)	**--**	--	**--**
Dividends	*22(c)*	--	--	--	--	--	(31,887)	**(31,887)**	(6,366)	**(38,253)**
Total contributions and distributions		**--**	**--**	**114**	**--**	**--**	**(32,001)**	**(31,887)**	**(6,366)**	(38,253)
Balance at 31 December 2019		**33,836**	**54,539**	**13,144**	**(220,029)**	**219,166**	**(44,891)**	**55,765**	**86,221**	**141,986**

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of cash flow

For the year ended 31 December 2019

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

	Notes	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Cash flows from operating activities			
(Loss) / Profit for the year		(12,758)	12,484
Adjustments for:			
Depreciation and amortization expense	*12,13 29,32*	46,282	44,658
Share of profit of equity-accounted investees, net of tax	*15*	(5,580)	(5,631)
Gain on disposal of property plant and equipment	*7*	(17)	(142)
Finance costs (excluding foreign exchange differences)	*11*	29,559	26,615
Finance income (excluding foreign exchange differences)	*11*	(251)	(984)
Income tax (benefit) / expense	*17*	1,855	1,480
Employment termination indemnity reserve	*26*	160	39
Reversal of / (Charges to) Provision	*27*	1,676	(12,000)
Unrealized foreign exchange differences on loans and borrowings		4,959	7,364
Operating cash flow before changes in operating assets and liabilities		**65,885**	**73,883**
Changes in:			
- trade and other receivables		(2,138)	(4,179)
- other current assets		222	3,784
- related party receivables		(428)	1,199
- other non-current assets		346	295
- trade and other payables		2,149	(65)
- related party payables		(6,695)	3,268
- employee benefits paid	*26*	(31)	(131)
- provisions	*27*	(1,821)	(64)
Cash generated by operations before benefit and tax payments		**57,489**	**77,990**
Income taxes paid	*17*	(7,195)	(7,345)
Net cash generated from operating activities		**50,294**	**70,645**
Investing activities			
Acquisition of property and equipment	*12*	(8,305)	(11,848)
Acquisition of intangible assets	*13*	(132)	(2,911)
Proceeds from sale of property and equipment		37	234
Dividends from Equity accounted investees	*15*	2,849	541
Change in financial investments	*16*	--	13,944
Interest received		251	348
Advances given for tangible assets		(292)	(85)
Net cash created from / (used in) investing activities		**(5,592)**	**223**
Financing activities			
Change in related party payables	*31*	(15,252)	(1,474)
Equity injection by minorities to subsidiaries		4	94
Dividends paid to equity owners	*22*	(31,887)	(4,909)
Dividends paid to NCIs	*24*	(5,019)	(3,797)
Interest paid	*24*	(26,035)	(23,902)
Proceeds from borrowings	*24*	43,720	44,205
Repayments of lease liabilities (2018: payment of finance lease liabilities)		(2,897)	(1,427)
Repayments of borrowings	*24*	(31,949)	(34,697)
Net cash used in financing activities		**(69,315)**	**(25,907)**
Net increase in cash and cash equivalents		**(24,613)**	**44,961**
Effect of foreign exchange rate changes		(5,943)	(13,881)
Cash and cash equivalents at beginning of year		71,805	40,725
Cash and cash equivalents at end of year	*21*	**41,249**	**71,805**

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

Notes to the consolidated financial statements

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

1 General information

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

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

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

As at 31 December 2019 and 2018, all shares are owned by Global Ports Plc.

As at 31 December 2019, the number of employees of the Group was 628 (31 December 2018: 646).

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

Subsidiaries	**Locations**	**Operations**
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
Port of Adria – Bar A.d. ("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 Mediterranean S.L. ("GP Med")	Spain	Service operations
Global Ports Europe B.V ("Global BV")	Netherlands	Port investments
Global Ports Melita Ltd. ("GP Melita")	Malta	Port investments
Valletta Cruise Port PLC ("VCP")	Valletta – Malta	Port operations
Port Operation Holding Srl ("POH")	Italy	Port investments
Royal Caribbean Investments (Cyprus) Ltd ("RCI Cyprus")	Cyprus	Port investments
Ravenna Terminal Passegeri Srl ("Ravenna")	Italy	Port operations
Catania Cruise Terminal Srl ("Catania")	Italy	Port operations
Cagliari Cruise Port Srl ("Cagliari")	Italy	Port operations
Global Ports Netherlands B.V. ("GP Netherlands")	Netherlands	Port investments
Zadar International Port Operations d.o.o. ("ZIPO")	Croatia	Port operations
Global Depolama A.Ş. ("Global Depolama")	İstanbul-Turkey	Storage
Global Gemicilik A.Ş. ("Global Gemicilik")	İstanbul-Turkey	Logistics services
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa")	Antalya-Turkey	Marine vehicle trade

Ege Liman

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organisation Inc. (Türkiye Denizcilik Isletmeleri A.Ş.) ("TDI") until its privatisation 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 Privatisation Administration (Özelleştirme İdaresi Başkanlığı) ("OIB") and TDI. The TOORA will end in 2033.

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005, with Royal Caribbean Cruises Ltd.("RCCL") holding a 27.49% interest and the TDI owns one share.

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.

1 General information *(continued)*

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 privatisation 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 Group.

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 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 was until 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 of 27 December 2018, the BOT agreement period was extended 49 years to the end of 2067. As at 31 December 2019 shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ("Setur"), respectively.

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 finalised a share purchase agreement with the Montenegro Government on 15 November 2013 that was approved by the tender commission, the Montenegro Privatisation and Capital Investments Authority and the Montenegro Council of Ministers. The shares were transferred to the Group on 30 December 2013.

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

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.

BPI, Creuers and Cruceros

Barcelona Port Investments, S.L ("BPI") was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ("RCCL") on 26 July 2013, where the Group held a 49% interest in BPI which was accounted for using the equity method. BPI then acquired a 43% interest in Creuers 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 ("Cruceros Malaga") and a 40% interest in the port operation rights for the Singapore cruise port.

On 30 September 2014, BPI acquired an additional 57% interest in Creuers which resulted in BPI obtaining control of Creuers as of that date.

Subsequently on 30 September 2014, the Group increased its interest in BPI from 49% to 62% by acquiring a 13% interest from RCCL. As a result, the Group became the controlling shareholder of Creuers. The port operation rights of Creuers and Cruceros terminate in 2030 and 2041, respectively.

1 General information *(continued)*

Global BV, GP Melita and VCP

Global BV was established in the Netherlands for investments in European Ports. As of 15 November 2015, Global BV acquired 55.60% of VCP shares through Holding Company of GP Melita. 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. VCP is also responsible for the handling of international cruise and ferry passengers and was granted a license by the Malta Maritime Authority. The concession will end in 2067.

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

POH was established in Italy for investments made in Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 59.05% of Catania shares and 67.55% of Cagliari shares, a significant portion being through Holding Company of RCI Cyprus. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers. The port operation rights of Ravenna, Cagliari and Catania terminate in 2020, 2025 and 2026, respectively.

GP Netherlands B.V. and Zadar International Port Operations

Global Netherlands B.V. was established in the Netherlands for investments in Adriatic Region. ZIPO was established by Global Netherlands B.V.in Zadar (Croatia) for attending to tender for concession of Gazenica cruise port operation rights. ZIPO has signed a 20-year (terminating in 2038) concession agreement ("the Agreement"), with the Port Authority of Zadar for the operating rights of the Gazenica cruise port in Zadar, Croatia. Under the terms of the Agreement, GPH will from Q4 2018, use its global expertise and operating model to manage all the cruise port operations at Gazenica port over the life of the concession. The concession includes cruise ship passenger port and terminal services, an international ferry terminal, Ro-Ro services, vehicles and passenger services. It also contains a commercial area of 2,400sqm, with leasable retail and office space.

Global Ports Mediterranean S.L. ("GP Med")

GP Med was established in Spain on 14 September 2016 for the purpose of entertainment and property management.

Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa")

Randa was acquired by GPH on 17 February 2011 for the purpose of marine vehicle trade for a consideration of Euro 10,000. As at 31 December 2019 and 2018, Randa is inactive and is excluded from the scope of consolidation.

Global Gemicilik A.Ş. ("Global Gemicilik")

Global Gemicilik was established in Turkey on 21 May 2014 for the purpose of rendering transportation and logistics services.

2 Adoption of new and revised standards

i. Amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current year

In the year ended 31 December 2019, the Group applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

a) IFRS 16 – Leases

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was, or contained, a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease as explained in note 3I. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

i. Amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current year (continued)

a) IFRS 16 – Leases *(continued)*

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including land, property, and cars. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Lease payments linked to an index or rate are included in the initial measurement of the lessee's lease liability and ROU asset using the index as at the commencement date or transition date for existing lease agreements. For any subsequent changes in those indices, the lease liability needs to be measured with the corresponding increase/decrease to be accounted in the ROU assets.

Leases classified as operating leases under IAS 17

Previously, the Group classified lease payments under concession agreements which do not fall within IFRIC 12, as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the related subsidiary's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to its concession agreements that fall outside of IFRIC 12 scope.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of items of machinery and equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

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

i. Amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current year (continued)

a) IFRS 16 – Leases *(continued)*

Impacts on transition

On transition to IFRS 16, the Group recognised right-of-use assets and additional lease liabilities. For the annual year starting at 1 January 2019, the Right-of-use assets have been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The impact on transition is summarized below.

USD'000	**1 January 2019**
Right of use assets	58,163
Investment property	2,250
Prepayments	328
Accruals	(1,809)
Lease liabilities	60,413

For the impact of IFRS 16 on profit or loss for the period, see Note 29. For the impact of IFRS 16 on segment information and EBITDA, see Note 5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is 3.4%.

USD'000	**1 January 2019**
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	158,860
Discounted using the incremental borrowing rate at 1 January 2019	60,448
Finance lease liabilities recognised as at 31 December 2018	1,905
- Recognition exemption for short-term leases	(35)
Lease liabilities recognised at 1 January 2019	**62,318**

The Group presents right-of-use assets are presented as a line item on the face of financials. The carrying amounts of right-of-use assets are as below.

USD'000	**Right of Use**	**Investment Property**
Balance at 1 January 2019	58,163	2,250
Balance at 31 December 2019	46,785	2.139

The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position. The adoption of IFRS 16 does not impact the ability of the Group to comply with its Gross debt to EBITDA covenant. Details described on Note 24.

b) Other standards

The IASB issued Annual Improvements as at 15 March 2019. The amendments are effective after annual period started as of 1 January 2019.

Following standards are effective from 1 January 2019. The adoption of the amendments has had no major impact on the Group's consolidated financial position or performance of the Group as per management analysis performed.

- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)

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

b) Other standards *(continued)*

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

The following amended standards and interpretations are not expected to have significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards, effective from 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate
- Benchmark Reform, effective from 1 January 2020
- IFRS 3 Definition of a Business, effective from 1 January 2020
- IAS1 and IAS8, Definition of Material, effective from 1 January 2020
- IFRS 17 Insurance contracts, effective from 1 January 2021

3 Significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB"). They were authorized for issue by the Group's board of directors on 13 April 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, United States Dollars ("USD") is chosen as the presentation currency by management to facilitate the investors' ability to evaluate the Group's performance and financial position to similar companies. The consolidated financial statements are rounded to the nearest thousand dollars, except when otherwise indicated.

TL is the most significant currency to the operations of Global Liman İşletmeleri A.Ş. ("the Group"), and therefore TL has been determined as its functional currency in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Global Liman and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in 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.

USD is the most significant currency to the operations of Ortadoğu Liman, therefore USD has been determined as its functional currency in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Euro was the most significant currency to the operations of the subsidiaries, Ege Liman and Bodrum Liman for the year ended 31 December 2018, and therefore Euro was determined as the functional currency of these companies for that year. From 1 January 2019, based on the change in tariffs from Euro to USD, the most significant currency used in Ege Liman and Bodrum Liman's operations changed to USD, and therefore the functional currency changed to US Dollars for the year ended 31 December 2019. This 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, BPI, Creuers, Malaga Port, Ravenna, Cagliari and Catania. Therefore, Euro has been determined as the functional currency of these companies in line with IAS 21 – "The Effects of Changes in Foreign Exchange Rates".

(d) Critical accounting judgments and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

3 Significant accounting policies *(continued)*

(d) Critical accounting judgments and key sources of estimation uncertainty *(continued)*

Intangible assets – Scope of IFRIC 12 '*Service Concession Arrangements'*

The Group's intangible assets recognised primarily consist of the port operation rights.

Judgement is applied by management to determine whether IFRIC 12 *'Service Concession Arrangements'* applies to port operating rights arising from a service concession arrangement. IFRIC 12 will be applied when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for public services, and when specific conditions are met. The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price, and also controls any significant residual interest in the infrastructure at the end of the service concession arrangement. Judgement is often required to determine the extent to which the conditions applied under the concession are substantive. If a concession is deemed to fall within the scope of IFRIC 12 then any payments made to acquire or operate the concession are capitalised as an intangible asset in accordance with IAS 38 and amortised over the concession period. Further judgement is then applied in determining the nature of any maintenance obligations under the concession arrangement in accordance with IAS 37. If the maintenance obligation is deemed to arise over time (i.e. through usage of the infrastructure) then a provision must be recognised for the remediation costs required to return the asset to the required standard based on its condition at the balance sheet date. If it is deemed that the entity must restore the infrastructure to a specified condition at the end of the concession, irrespective of usage, it has an obligation analogous to an obligation for dismantling or removal of an asset and must therefore recognise the full present value of the future associated costs as a provision at the reporting date.

The carrying value of port concession intangible assets at 31 December 2019 is USD 355,173 thousand (2018: USD 390,887 thousand). Concession arrangements at Creuers, Cruceros, Ravenna and Catania were assessed as being within the scope of IFRIC 12.

Key sources of estimation uncertainty

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

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

The Group has recognised total provisions as at 31 December 2019 of USD 9,791 thousand (2018: USD 9,817), of which USD 6,925 thousand (2018 USD 6,138) relates to asset replacement and maintenance provisions recognised in accordance with IFRIC 12 in respect of the replacement provisions for Creuers. The provision level reflects the planned future activity over the term of the port concession term and maybe be subject to change. These estimates are based on three key assumptions: asset replacement cost, ongoing maintenance and repair costs, and estimated asset usage over the concession period. Given the differing types of assets, their size, the range of possible outcomes and the long time period involved, there is a reasonably possible chance that a material adjustment would be required to the carrying value of the provision in the next financial year. These different factors also make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the provision. Further details are provided in note 27 and note 7 "Other income".

3 Significant accounting policies *(continued)*

(d) Critical accounting judgments and key sources of estimation uncertainty *(continued)*

Impairment review of cash generating units (CGUs)

IFRS requires management to perform impairment tests annually for goodwill and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets and the associated goodwill of Ege port and the carrying value of asses of Port Akdeniz can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- Operational growth expectations including the forecast number of calls, passengers and cargo
- appropriate discount rates to reflect the risks involved

Management prepares formal forecast for Ege Port and Port Akdeniz operations for the remaining concession period, which are used to estimate their value in use.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further detail, including a sensitivity analysis, is included in note 13 "Intangible assets" to the consolidated financial statements.

(e) Basis of consolidation

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

(i) Subsidiaries

As at 31 December 2019, the consolidated financial statements includes the financial results of the Group and its controlled subsidiaries.

The Group consolidates its subsidiaries when one of the below conditions are met,

- it holds a majority of the voting rights in the undertaking,
- it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors,
- it has the right to exercise a dominant influence over the subsidiary
  - by virtue of provisions contained in the undertaking's articles,
  - by virtue of a control contract,
- it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the subsidiary.

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 is prepared with the same chart of accounts as the Group.

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

3 Significant accounting policies *(continued)*

(e) Basis of consolidation *(continued)*

(i) Subsidiaries (continued)

As at 31 December 2019 and 2018, the subsidiaries in which the Group owned a majority shareholding and/or effectively controlled their operations are as shown below:

	Effective ownership (%)		Voting power held (%)	
	2019	**2018**	**2019**	**2018**
Ege Liman	72.50	72.50	72.50	72.50
Ortadoğu Liman	100.00	100.00	100.00	100.00
Bodrum Liman	60.00	60.00	60.00	60.00
Port of Adria	63.79	63.79	63.79	63.79
Malaga Port (*)	49.60	49.60	80.00	80.00
Creuers	62.00	62.00	62.00	62.00
BPI	62.00	62.00	62.00	62.00
Global Depolama	100.00	100.00	100.00	100.00
Global BV	100.00	100.00	100.00	100.00
VCP	55.60	55.60	55.60	55.60
Ravenna	53.67	53.67	53.67	53.67
Cagliari	70.89	70.89	70.89	70.89
Catania	62.21	62.21	62.21	62.21
ZIPO	100.00	100.00	100.00	100.00

(*) Global Liman has 62% shares of BPI, which in turn has 100% ownership in Creuers and Creuers having 80% ownership in Malaga, the Group has significant voting power establish control in Cruceros Malaga.

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

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific operation.

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

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

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

3 Significant accounting policies *(continued)*

(e) Basis of consolidation *(continued)*

(ii) Interests in equity-accounted investees (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2019 and 2018 for the equity-accounted investees:

	Effective ownership rates		Voting power held	
	31 December 2019 (%)	31 December 2018 (%)	31 December 2019 (%)	31 December 2018 (%)
Lisbon Cruise Terminals	46.2	46.2	50	50
Singapore Port	24.8	24.8	40	40
Venezia Investimenti	25.0	25.0	25	25
La Spezia	28.5	28.5	30	30

(iii) Non-controlling interests

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

(iv) Transactions eliminated on consolidation

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

(v) Business combinations

The acquisition of subsidiaries and businesses from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Any costs directly attributable to the business combination are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised 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 amortised, 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 recognised immediately in profit or loss as a gain on bargain purchase.

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 recognised amounts of the acquiree's identifiable net assets.

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 recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3 Significant accounting policies *(continued)*

(f) Going concern

Notes 3 and 33 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Covid-19 outbreak that spread across the globe and our country and preventive actions that have been taken into place to respond to the outbreak causes disruptions to business activities in all countries and affect the economic conditions adversely, both locally and globally. As part of the preparation of the financial statements, the management has assessed the possible effects of CoVid-19 on the Group's liquidity and related ability to continue as a going concern and appropriately disclosed the results of its assessment in the financial statements. The CoVid-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and as at the reporting date its effects are subject to significant levels of uncertainty.

The current global conditions create uncertainty particularly over:

(a) the passenger level during the cruise season in case the coronavirus threat exists during the peak business season between May – October in the Mediterranean region;

(b) any negative business outlook on commercial operations related to macro-economic factors such as trade tariffs and their associated impact on global economies.

(c) the refinancing of Eurobond amounting USD 250 million with the maturity of 14 November 2021.

The Group's portfolio consists of investments in or management of 16 cruise ports and 2 commercial ports in 10 countries and increasing its number of ports in different geographical locations to support its operations and diversify economic and political risks. The Group's main cruise port portfolio is located in Mediterranean region. Peak season for the cruise business in Mediterranean region starts in early May, due to the seasonality of the cruise business, with passenger numbers during the first Q1 budgeted and observed to be low. However, as at the approval date of these consolidated financial statements, the Group has experienced a significant level of cancellations for the April-May 2020 period from cruise line customers. One of the major export products in Port Akdeniz is marble exports to China. After closing of borders in China due to the spread of Corona virus, there were several delays in marble exports. Management does not expect these delays to cause significant impact on the business and the decrease the Port is experiencing during the first months of 2020 in container volumes is partly offset by the increase in general and bulk cargo volumes. A recovery of marble export is expected in 2020.

Management have considered estimates of cash flows for a period of 12 months from the date of the approval of the financial statements and have a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence. The management analysis, inclusive of the scenarios reflecting the worst-case results, includes the following assumptions:

- All revenues from cruise operations are excluded in forecasts.
- Ancillary revenues, other terminal revenues, rental related revenues created on passenger basis are excluded in forecasts.
- A fall in marble exports in Port Akdeniz to China of 25% based on the forecasted container cargo of marble for both loading and unloading for the next 12 months.
- Delay of dividend payments by the Group and individual ports for the next 12 months.
- Management assumed that 47 percent of shopping malls rental income will be realised in 2020.

Management has started discussions with a number of Group's investment banking partners to assess various options for the Eurobond refinancing including re-issuing a new Eurobond. So far considering the stage of these discussions, there is no indication that suggests that a refinancing cannot be obtained, or an appropriate lender would not be found. The impact of COVID-19 has also been considered in relation to the Eurobond refinancing. Noting that the refinancing is only due by November 2021, Management does not currently expect any negative impact on its fundamental ability to secure financing by that time and has performed the Going Concern analysis on this basis. Parallel to these discussions, the outcome of the exclusive negotiations with a potential buyer of Port Akdeniz might have a material impact on the appropriate refinancing structure. A final decision on the sale process is expected in Q3 2020, after which management will decide on the most appropriate refinancing structure.

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

3 Significant accounting policies *(continued)*

(f) Going concern *(continued)*

The management believes that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Consequently, the management have a reasonable expectation that the Group has available resources to continue its operational existence resulting in adequate liquidity reserves in the twelve-month period ahead. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(g) 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 the reporting date. Non-monetary assets and liabilities denominated in foreign currencies carried at historical cost should be retranslated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

The Group entities use USD, Euro or TL as their functional currencies 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 consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21 *The Effect of Changes in Foreign Exchange Rates*. The Group uses USD as the presentation currency.

Assets and liabilities of those Group entities with a different functional currency than the presentation currency of the Group are translated into the presentation 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 presentation currency at the average exchange rates for the period. Equity items, except for net income, are translated using their historical costs. These foreign currency differences are recognised in "other comprehensive income" ("OCI"), within equity, under "translation reserves".

As at 31 December 2019 and 2018 foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2019	**2018**
TL/USD	0.1683	0.1901
Euro/USD	1.1196	1.1458

For the years ended 31 December 2019 and 2018, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2019	**2018**
TL/USD	0.1763	0.2078
Euro/USD	1.1194	1.1764

(ii) Foreign operations

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

3 Significant accounting policies *(continued)*

(g) Foreign currency *(continued)*

(ii) Foreign operations (continued)

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 Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised 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 recognised in OCI.

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

(h) Financial instruments

(i) Recognition and Initial measurement

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

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

3 Significant accounting policies *(continued)*

(h) Financial instruments *(continued)*

(ii) Classification and subsequent measurement
Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies *(continued)*

(h) Financial instruments *(continued)*

(ii) Classification and subsequent measurement(continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies *(continued)*

(h) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3 Significant accounting policies *(continued)*

(h) Financial instruments *(continued)*

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure. 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group 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 Group 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 a hedge transaction is to be effective in stabilising changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, a 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 recognised initially at fair value. Attributable transaction costs are recognised 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 recognised 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 recognised in other comprehensive income and presented in the hedging reserve in equity.

The amount recognised 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 recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised 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 recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3 Significant accounting policies *(continued)*

(h) Financial instruments *(continued)*

(iv) Derivative financial instruments (continued)

Net investment hedges

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 Group whose functional currency is other than TL, foreign exchange differences arise in consolidated financial statements of the Group. Those foreign exchange differences are recognised in other comprehensive income in the consolidated financial statements when the differences are considered as hedging instruments.

Hedges of net investments in a subsidiary whose functional currency is other than TL are accounted for similarly to cash flow accounting hedges. Any gains or losses on the hedging instrument are accounted as follows:

- the effective portion of gain or loss arising from the hedging instrument is recognised in other comprehensive income; and
- the ineffective portion of gain or loss arising from the hedging instrument is recognised in profit or loss.

Gain or loss on hedging instruments related to the effective portion accumulated in other comprehensive income is reclassified to profit or loss on disposal of the related subsidiary.

(i) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies *(continued)*

(i) Property and equipment *(continued)*

(iii) Depreciation

Depreciation is recognised 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 amortised over the periods of the respective leases and remaining life of concession agreements, also on a straight-line basis.

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

	Years
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) De-recognition

An item of property and equipment is derecognised 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 recognised in profit or loss.

(j) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditures

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

(iii) Intangible assets recognized in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). The Group's intangible assets recognised 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 amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3 Significant accounting policies *(continued)*

(j) Intangible assets *(continued)*

(iv) Service concession arrangements

Port operation rights arising from a service concession arrangement are recognised in line with IFRIC 12 'Service Concession Arrangements' and under the intangible asset model when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for a public service, and when specific conditions are met. The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price. The grantor also has to control any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The contractual obligations to pay concession fees that are not variable but contractually fixed in amount or in substance fixed payments are recorded as financial liabilities. These liabilities are initially recognised at fair value using a risk-adjusted discount rate. Port operation rights received as consideration are recorded as intangible assets at the same amount.

The rights received as consideration for construction services are recognised at the cost of construction for the period in which the construction costs are incurred. Revenue and expenses from construction services are recognised under IFRIC 12.14 and in accordance with IFRS 15.

Subsequent to initial recognition, the intangible asset is measured at cost less any capitalised borrowing costs, accumulated amortisation and accumulated impairment losses. These assets are amortised based on the lower of their useful lives or concession period.

Provisions for maintenance are recognised if maintenance obligations of specified amounts arise from the concession agreement. Costs for regular maintenance is recognised as expense in the relevant year.

(v) Amortization

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated finite useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the assets.

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

	Years	
Port operation rights	4-50	(concession term)
Customer relationships	12	
Software	5	

(vi) Derecognition

An intangible asset is derecognised 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 recognised in profit or loss when the asset is derecognised.

3 Significant accounting policies *(continued)*

(k) 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 recognised directly in profit or loss in the consolidated income statement and other comprehensive income. An impairment loss recognised 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 profit or loss on disposal.

(l) Investment property

Investment property is initially measured at cost and subsequently at cost less accumulated depreciation.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

(m) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term.

3 Significant accounting policies *(continued)*

(m) Leases *(continued)*

(i) as a lessee (continued)

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

The Group determines each subsidiary's incremental borrowing rate as borrowing rate obtained to finance its capital investment obligations in the port as specified in the concession agreement.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a separate non-current asset and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including car rentals. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

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

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

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

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

3 Significant accounting policies *(continued)*

(m) Leases *(continued)*

(ii) as a lessor (continued)

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

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) as a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

(ii) as a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

(n) Inventories

Inventories of the Group composed of spare and replacement parts, and consumables used for the tangible assets in commercial ports, and inventories held for sale in duty free operations on Valletta Cruise Port. Costs of inventories are determined on weighted average basis. Inventories are kept at the lower of cost and net realizable value.

3 Significant accounting policies *(continued)*

(o) Impairment

(i) Non derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Contract Losses ("ECL") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies *(continued)*

(o) Impairment *(continued)*

(i) Non derivative financial assets (continued)

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non – financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3 Significant accounting policies *(continued)*

(o) Impairment *(continued)*

(*ii*) *Non – financial assets (continued)*

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortisation, if no impairment loss had been recognised.

(p) 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 plans as per IAS 19 (revised) *Employee Benefits* ("IAS 19"). The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognised in other comprehensive income. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 26.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(q) Provisions, contingent assets and liabilities

Provisions are recognised 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 recognised 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(s) Revenue

Revenue is measured based on the consideration specified in a contract with a customer, stated net of taxes. The Group recognises revenue when the related performance obligation has been satisfied. The main revenue streams are explained below;

(i) Container revenues

Container cargo revenues relate to services provided for container cargo handling including sea and land services. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Port Akdeniz are mainly made in advance, in some cases payment terms are up to 30 days.

(ii) Port service revenues

Port service revenues relate to services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.). Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

3 Significant accounting policies *(continued)*

(s) Revenue *(continued)*

(iii) Cargo revenues

Cargo revenues relate to services provided for general and bulk cargo handling including sea and land services. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are mainly made in advance, in other cases payment terms are up to 30 days.

(iv) Landing fees

Landing fees relate to services provided to cruise ships including passenger landing, luggage handling, security fees, etc. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

(v) Rental income

Rental income is generated from the leasing of marina and shopping centres. Revenue is recognised over time as the services are provided. Revenue is recognised on a straight-line basis over the term of the lease. Invoices are issued on a monthly basis and are usually payable within 30 days. Guarantees are taken up to 6 months rent.

(vi) Income from duty free operations

Income from duty free operations is recognised in profit or loss at the point of sale. Invoices are issued when the products are sold and are paid in cash or by credit card.

(t) Finance income and finance costs

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

Finance costs comprise interest expense on borrowings, net foreign currency losses, losses on sale of marketable securities and finance costs from lease liabilities unwinding. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred using the effective interest method.

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

(u) Operating Profit

Operating profit is profit for the year stated before the share of results of equity-accounted investees, finance income, finance costs and tax.

(v) Income Tax

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 income statement and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

3 Significant accounting policies *(continued)*

(v) Income Tax *(continued)*

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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 recognised 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 future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the 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 realised, 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 recognised as in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

(w) Related Parties

Parties are considered related to the Group if:

- Directly, or indirectly through one or more intermediaries, the party:
  - *(i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);*
  - *(ii) has an interest in the Company that gives it significant influence over the Company; or*
  - *(iii) has joint control over the Company;*
- The party is an associate of the Group
- The party is a joint venture in which the Group is a venturer;
- The party is member of the key management personnel of the Group as its parent;
- The party is a close member of the family of any individual referred to in (m) or (t)

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 categorized 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 categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 33 - Financial risk management.

5 Segment reporting

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

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

(b) Reportable segments

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

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

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

The Group has the following operating segments under IFRS 8:

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

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

Global Depolama, Randa and GP Med does not generate revenues from external customers and therefore is presented as unallocated to reconcile to the consolidated historical financial information results.

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

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

5 Segment reporting *(continued)*

(b) ***Reportable segments*** *(continued)*

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

The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated (see Note 2). In order to account for the application of IFRS 16, management has presented as separate reconciling items the impact of IFRS 16 on segmental and adjusted EBITDA, segment assets, segment liabilities, depreciation, finance costs.

As a result, the Group recognised USD 46,785 thousand of right-of-use assets and USD 52,107 thousand of liabilities from those lease contracts. These assets and liabilities are included in BPI, VCP, Other Cruise Ports, Ortadoğu Liman and Port of Adria segments as at 31 December 2019. The Group recognises depreciation and interest costs, instead of operating lease expense (see Note 2a). During the year ended 31 December 2019, in relation to those leases, the Group recognised USD 1,969 thousand of depreciation charges and USD 2,258 thousand of additional interest costs from leases.

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

5 Segment reporting *(continued)*

(c) Information about reportable segments

As at and for the year ended 31 December 2019, the details of reportable segments comprised the following:

	BPI	**VCP**	**Ege Ports**	**Others**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
Segment assets	140,168	95,807	46,283	9,308	*291,566*	231,638	64,950	*296,588*	7,718	***595,872***
-Right of use assets	*11,770*	*21,627*	--	*5,422*	*38,819*	*49*	*7,917*	*7,966*	--	***46,785***
Equity accounted investees	--	--	--	26,575	*26,575*	--	--	--	--	***26,575***
Segment liabilities	56,688	35,429	9,918	6,375	*108,410*	72,306	29,090	*101,396*	265,333	***475,139***
-Lease liabilities recognized under IFRS 16	*11,903*	*25,001*	--	*5,795*	*42,699*	--	*9,408*	*9,408*	--	***52,107***
Capital expenditures	1,571	1,615	46	222	*3,454*	3,101	1,596	*4,697*	286	***8,437***

	BPI	**VCP**	**Ege Ports**	**Others**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
External revenues	31,278	13,872	6,549	7,074	*58,773*	47,486	7,380	*54,866*	--	***113,639***
EBITDA	20,374	7,949	4,546	8,170	*41,039*	37,345	1,685	*39,030*	(3,022)	***77,047***
Depreciation and amortization expense	(11,696)	(3,102)	(2,857)	(3,501)	*(21,156)*	(21,832)	(3,141)	*(24,973)*	(153)	***(46,282)***
Non-recurring income/(expense)	(29)	68	(23)	56	*72*	(806)	215	*(591)*	(4,404)	***(4,923)***
Non-cash income/(expenses)	(673)	(24)	(248)	(78)	*(1,023)*	(1,283)	(100)	*(1,383)*	(51)	***(2,457)***
Operating profit	7,976	4,890	1,418	(934)	*13,350*	13,425	(1,341)	*12,084*	(7,629)	***17,805***
Share of profit of equity-accounted investees	--	--	--	558	*558*	--	--	--	--	***558***
Interest income	--	--	1,226	3	*1,229*	3,252	4	*3,256*	6,766	***11,251***
Interest expense	(1,892)	(1,627)	(1,326)	(894)	*(5,739)*	(6,772)	(1,274)	*(8,046)*	(25,724)	***(39,509)***

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

5 Segment reporting *(continued)*

(c) Information about reportable segments (continued)

As at and for the year ended 31 December 2018, the details of reportable segments comprised the following:

	BPI	**VCP**	**Ege Ports**	**Others**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
Segment assets	152,415	96,793	48,154	12,968	*310,330*	221,854	67,690	*289,544*	50,336	***650,210***
Equity accounted investees	--	--	--	26,003	*26,003*	--	--	--	--	***26,003***
Segment liabilities	66,726	35,285	13,238	7,140	*122,389*	56,987	29,744	*86,731*	268,992	***478,112***
Capital expenditures	2,074	927	259	2,360	*5,620*	4,761	3,443	*8,204*	935	***14,759***

	BPI	**VCP**	**Ege Ports**	**Others**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
External revenues	31,577	13,017	4,650	5,670	*54,914*	59,888	10,010	*69,898*	--	***124,812***
EBITDA	19,718	6,363	3,046	8,236	*37,363*	49,165	3,909	*53,074*	(3,153)	***87,284***
Depreciation and amortization expense	(11,350)	(2,595)	(3,027)	(3,359)	*(20,331)*	(21,342)	(2,875)	*(24,217)*	(110)	***(44,658)***
Non-recurring income/(expense)	(256)	--	(326)	(208)	*(790)*	919	(960)	*(41)*	(6,035)	***(6,866)***
Non-cash income/(expenses)	11,532	(136)	121	(78)	*11,439*	(153)	(94)	*(247)*	6	***11,198***
Operating profit	19,644	3,632	(186)	(1,040)	*22,050*	28,589	(20)	*28,569*	(9,292)	***41,327***
Share of profit of equity-accounted investees	--	--	--	5,631	*5,631*	--	--	--	--	***5,631***
Interest income	--	--	1,441	4	*1,445*	4,388	43	*4,431*	3,935	***9,811***
Interest expense	(2,112)	(299)	(1,233)	(197)	*(3,841)*	(3,329)	(947)	*(4,276)*	(26,259)	***(34,376)***

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

5 Segment reporting *(continued)*

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

	Note	Year ended 31 December 2019	Year ended 31 December 2018
Revenues			
Total revenue for reportable segments	*7*	113,639	124,812
Total external revenues		**113,639**	**124,812**
Consolidated EBITDA		77,047	87,284
Non-recurring income / (expense)		(4,923)	(6,866)
Non-cash income / (expense)		(2,457)	11,198
Finance income	*11*	6,791	26,726
Finance costs	*11*	(41,079)	(59,720)
Depreciation and amortization	*12-13*	(46,282)	(44,658)
Total profit / loss before income tax		**(10,903)**	**13,964**
Interest income			
Total interest income for reportable segments		11,251	9,811
Elimination of inter-segments		(11,000)	(8,859)
Total interest income		**251**	**952**
Interest expense			
Total interest expense for reportable segments		(39,509)	(34,376)
Elimination of inter-segments		11,000	8,859
Total interest expense		**(28,509)**	**(25,517)**

(e) Geographic information

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices are primarily in Turkey, Montenegro, Spain and Malta. The geographic information below analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment assets were based on the geographic location of the assets.

Revenue

	Year ended 31 December 2019	Year ended 31 December 2018
Turkey	57,021	67,017
Montenegro	7,380	10,010
Malta	13,872	13,017
Spain	31,278	31,577
Italy	3,838	3,191
Crotia	250	--
	113,639	**124,812**

Non-current assets

	As at 31 December 2019	As at 31 December 2018
Turkey	222,614	243,224
Spain	129,114	129,695
Malta	115,467	94,703
Montenegro	70,080	65,202
Italy	5,863	6,962
Crotia	2,944	
Unallocated	28,755	29,071
	574,837	**568,857**

6 Revenue and cost of sales

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

	BPI		VCP		EP		Others		Cruise		Port Akdeniz		Port of Adria		Commercial		Consolidated	
(USD '000)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Point in time																		
Container revenue	--	--	--	--	--	--	--	--	--	--	29,259	37,158	5,090	5,360	34,349	42,518	34,349	42,518
Landing fees	26,829	27,356	5,852	4,754	2,584	1,838	3,108	3,144	38,373	37,092					--	--	38,373	37,092
Port service revenue	1,733	1,742	1,092	1,163	2,071	1,468	535	746	5,431	5,119	9,980	12,146	229	282	10,209	12,428	15,640	17,547
Cargo revenue	--	--	--	--	--	--	--	--	--	--	3,896	9,307	1,505	3,378	5,401	12,685	5,401	12,685
Domestic water sales	406	695	--	--	47	86	20	34	473	815	29	35	15	19	44	54	517	869
Other revenue (*)	351	--	385	436	734	264	1,069	454	2,539	1,154	3,636	589	28	33	3,664	622	6,203	1,776
Over time																		
Rental income	1,959	1,784	2,542	2,634	1,113	994	724	713	6,338	6,125	686	653	513	938	1,199	1,591	7,537	7,716
Income from duty free operations	--	--	4,001	4,030	--	--	--	--	4,001	4,030	--	--	--	--	--	--	4,001	4,030
Habana management fee	--	--	--	--	--	--	1,618	579	1,618	579	--	--	--	--	--	--	1,618	579
Total	**31,278**	**31,577**	**13,872**	**13,017**	**6,549**	**4,650**	**7,074**	**5,670**	**58,773**	**54,914**	**47,486**	**59,888**	**7,380**	**10,010**	**54,866**	**69,898**	**113,639**	**124,812**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers;

Revenue	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Receivables, which are included in 'trade and other receivables'	14,960	12,913
Contract assets	1,654	1,878
Contract liabilities	(967)	(990)
	15,647	**13,801**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on Commercial services provided to vessels and rental agreements. The contract assets are transferred to receivables when the rights become unconditional. This occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for providing services, for which revenue is recognised over time. These amounts will be recognised as revenue when the services has provided to customers and billed, which was based on the nature of the business less than one week period.

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

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

6 Revenue and cost of sales *(continued)*

Cost of sales

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

	2019	2018
Depreciation and amortization expenses	44,359	41,655
Personnel expenses (*)	16,604	14,228
Other expenses	4,553	7,536
Security expenses	3,066	2,627
Cost of inventories sold	3,012	2,453
Commission fees to government authorities and pilotage expenses	1,845	3,716
Repair and maintenance expenses	1,827	1,923
Subcontractor lashing expenses	1,074	1,403
Subcontractor crane expenses	930	1,305
Replacement provision	673	677
Total	**77,943**	**77,523**

* USD 5,963 thousand (2018: USD 4,058 thousand) of personnel expenses are related to outsourced expenses.

7 Other Income

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

	2019	2018
Foreign currency income from operations	1,813	4,646
Insurance income	587	615
Gain on sale of assets	17	145
Reversal of replacement for Spanish Ports (*)	--	12,210
Income from reversal of withholding tax (**)	--	1,095
Other	923	843
Total	**3,340**	**19,554**

(*) Reversal of replacement for Spanish Ports are related to an assumption change on provision (see note 27).

(**) Income from reversal of withholding tax is related to cancellation of tax for distributed dividends to foreign entities.

8 Other expense

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

	2019	2018
Project Expenses (*)	4,170	7,212
Provisions	1,203	34
Recovery from insurance	346	496
Foreign currency losses from operations	647	1,523
Impairment losses on inventory	262	106
Tax amnesty expenses	--	920
Loss on sale of fixed assets	--	3
Other	935	1,188
Total	**7,563**	**11,482**

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

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

9 Selling and marketing expenses

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

	2019	2018
Advertising and promotion expenses	635	462
Representation expense	263	12
Travelling expenses	249	155
Commission expense	186	95
Personnel expenses	173	186
Depreciation and amortization expenses	5	--
Other expenses	72	--
Total	**1,583**	**910**

10 Administrative expenses

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

	2019	2018
Personnel expenses	4,608	4,280
Consultancy expenses	2,152	1,803
Depreciation and amortization expenses	1,918	3,003
Taxes other than on income	621	649
Loss allowance expense	344	(36)
Travel expenses	323	367
IT expenses	289	231
Repair and maintenance expenses	243	144
Representation expenses	216	824
Vehicle expenses	195	181
Office operating expenses	155	448
Communication expenses	77	142
Stationary expenses	63	85
Rent expenses	51	138
Insurance expenses	50	126
Other expenses	780	739
Total	**12,085**	**13,124**

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

11 Finance income and costs

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

Finance income	**2019**	**2018**
Foreign exchange gain	6,540	25,741
Interest income on banks and others	37	503
Interest income on related parties	214	449
Others	--	33
Total	**6,791**	**26,726**

(*) Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year. Global Yatırım Holding is ultimate controlling party of the Group.

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

Finance costs	**2019**	**2018**
Interest expense on loans and borrowings	28,158	25,517
Foreign exchange losses on loans and borrowings (**)	11,520	33,105
Loan commission expenses	154	521
Letter of guarantee commission expenses	215	158
Other interest expenses (*)	351	--
Other	681	419
Total	**41,079**	**59,720**

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 28,509 thousand (31 December 2018: USD 25,517 thousand).

(*) The amount includes an interest rate swap in order to hedge its position against changes in interest rates.
(**) The ineffective portion of the investment hedge presented as foreign exchange losses on loans and borrowings amounts to USD 5,222 thousand as at 31 December 2019 (31 December 2018: USD 17,552 thousand). Refer to 22 b (iii).

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

12 Property and equipment

Movements of property and equipment for the year ended 31 December 2019 comprised the following:

Cost	**1 January 2019**	**Additions**	**Disposal**	**Transfers**	**Effect of movements in exchange rates**	**31 December 2019**
Leasehold improvements	121,323	2,594	(2)	4,431	(1,587)	126,759
Machinery and equipment	54,949	1,086	(30)	227	(421)	55,811
Motor vehicles	17,841	110	(6)	--	(82)	17,863
Furniture and fixtures	9,045	1,814	(18)	--	(243)	10,598
Construction in progress	4,390	2,701	--	(4,658)	42	2,475
Land improvement	7	--	--	--	--	**7**
Total	**207,555**	**8,305**	**(56)**		**(2,291)**	**213,513**

Accumulated Depreciation	**1 January 2019**	**Depreciation expense**	**Disposal**	**Transfers**	**Effect of movements in exchange rates**	**31 December 2019**
Leasehold improvements	32,405	6,025	--	--	(169)	38,261
Machinery and equipment	30,127	4,383	(30)	6	(105)	34,381
Motor vehicles	10,025	1,386	--	(6)	(2)	11,403
Furniture and fixtures	5,682	847	(6)	--	(38)	6,485
Land improvement	4	--	--	--	--	4
Total	**78,243**	**12,641**	**(36)**	**--**	**(314)**	90,534
Carrying amount	**129,312**					**122,979**

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

12 Property and equipment *(continued)*

Movements of property and equipment for the year ended 31 December 2018 comprised the following:

Cost	**1 January 2018**	**Additions**	**Disposal**	**Transfers**	**Effect of movements in exchange rates**	**31 December 2018**
Leasehold improvements	120,613	2,359	(61)	2,868	(4,456)	**121,323**
Machinery and equipment	53,031	2,910	(167)	23	(848)	**54,949**
Motor vehicles	18,577	111	(328)	4	(523)	**17,841**
Furniture and fixtures	8,678	898	(1)	72	(602)	**9,045**
Construction in progress	1,597	5,570	--	(2,706)	(71)	**4,390**
Land improvement	9	--	--	1	(3)	**7**
Total	**202,505**	**11,848**	**(557)**	**262**	**(6,503)**	**207,555**

Accumulated Depreciation	**1 January 2018**	**Depreciation expense**	**Disposal**	**Transfers**	**Effect of movements in exchange rates**	**31 December 2018**
Leasehold improvements	27,805	5,657	--	14	(1,071)	**32,405**
Machinery and equipment	26,046	4,204	(158)	249	(214)	**30,127**
Motor vehicles	9,125	1,485	(328)	--	(257)	**10,025**
Furniture and fixtures	4,863	1,006	(1)	(1)	(185)	**5,682**
Land improvement	1	5	--	--	(2)	**4**
Total	**67,840**	**12,357**	**(487)**	**262**	**(1,729)**	**78,243**
Carrying amount	**134,665**					**129,312**

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

12 Property and equipment *(continued)*

As at 31 December 2019, the carrying amount of machinery and equipment purchased through finance lease amounts to USD 1,511 thousand (2018: USD 1,689 thousand), the carrying amount of motor vehicles purchased through finance lease amounts to USD 6,810 thousand (2018: USD 7,991 thousand), and the carrying amount of furniture and fixtures purchased through finance lease amounts to USD 7 thousand (2018: USD 45 thousand). In 2019, no capital expenditure was made through finance leases (31 December 2018: nil).

As at 31 December 2019 and 2018, according to the "TOORA" and "BOT" tender agreements signed with related Authorities, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 24.

For the years ended 31 December 2019 and 2018, there is no capitalized borrowing cost on property and equipment.

As at 31 December 2019, the insured amount of property and equipment amounts to USD 295,720 thousand (2018: USD 326,671 thousand).

13 Intangible assets

Movements of intangible assets for the year ended 31 December 2019 comprised the following:

Cost	**1 January 2019**	**Additions**	**Disposals**	**Effect of movements in exchange rates**	**31 December 2019**
Port operation rights	605,115	514(*)	(393)	(6,174)	599,062
Customer relationships	3,937	--	--	--	3,937
Software	1,269	75	--	(18)	1,326
Other intangibles	713	57	--	(60)	710
Total	**611,034**	**646**	**(393)**	**(6,252)**	**605,035**

Accumulated amortization	**1 January 2019**	**Amortization expense**	**Disposals**	**Effect of movements in exchange rates**	**31 December 2019**
Port operation rights	214,228	30,985	(79)	(1,245)	243,889
Customer relationships	3,365	328	--	--	3,693
Software	646	156	--	(6)	796
Other intangibles	434	144	--	(39)	539
Total	**218,673**	**31,613**	**(79)**	**(1,290)**	**248,917**
Carrying amount	**392,361**				**356,118**

(*) This amount is related to the change in computation of Port operating right at Bodrum Cruise port. The repayment schedule changed by Government resulted a change in the Port operating right computation.

13 Intangible assets *(continued)*

Movements of intangible assets for the year ended 31 December 2018 comprised the following:

Cost	1 January 2018	Additions	Effect of movements in exchange rates	31 December 2018
Port operation rights	616,411	2,068	(13,364)	**605,115**
Customer relationships	4,113	--	(176)	**3,937**
Software	1,156	140	(27)	**1,269**
Other intangibles	888	703	(878)	**713**
Total	**622,568**	**2,911**	**(14,445)**	**611,034**

Accumulated amortization	1 January 2018	Amortization expense	Effect of movements in exchange rates	31 December 2018
Port operation rights	185,452	31,648	(2,872)	**214,228**
Customer relationships	3,173	337	(145)	**3,365**
Software	492	164	(10)	**646**
Other intangibles	376	152	(94)	**434**
Total	**189,493**	**32,301**	**(3,121)**	**218,673**
Carrying amount	**433,075**	**(29,390)**	**(11,324)**	**392,361**

The details of Port operation rights for the years ended 31 December 2019 and 2018 are as follows;

	As at 31 December 2019		As at 31 December 2018	
USD '000	Carrying Amount	Remaining Amortisation Period	Carrying Amount	Remaining Amortisation Period
Creuers del Port de Barcelona	100,336	126 months	112,652	138 months
Cruceros Malaga	11,400	152 months	12,300	164 months
Valletta Cruise Port	61,299	563 months	64,072	575 months
Port of Adria	19,623	288 months	20,919	300 months
Port Akdeniz	144,198	104 months	160,798	116 months
Ege Ports	11,247	159 months	12,079	171 months
Bodrum Cruise Port	2,657	579 months	2,446	591 months
Cagliari Cruise Port	2,201	84 months	2,889	96 months
Catania Cruise Port	2,173	96 months	2,514	108 months
Ravenna Cruise Port	39	12 months	220	24 months

The recoverable amount of the CGU relating to the Port Akdeniz was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount and no impairment loss during 2019 (2018: nil) was recognised.

The key assumptions are the expected growth rate in container volume of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11.24% was used for discounting future cash flows to the reporting date. The growth in container operations was forecasted at 2.2% average per annum until end of concession. General Cargo has been assumed to recover back to 2017 levels in 2023 and no growth has been forecasted for the remaining life of concession. 9 years of cash flows were included instead of 5 years plus terminal value as the life of the rights determined in the concession agreement. The growth is forecasted based on the historical information, management knowledge on the business and meetings made with customers for 2020. Future growth expectations forecasted based on the average growth rate expectation of containerized products and Country growth forecast made by World Bank. The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 14.8%.

The low performance in Port of Adria is related to non-recurring project-based revenues in 2018 which was subsequently discontinued in early 2019. When these revenues are being excluded, core operations showed a better performing year compared to last year.

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

14 Goodwill

Movements of goodwill associated with Ege Port for the years ended 31 December comprised the following:

1 January 2018	**14,088**
Translation	(603)
31 December 2018	**13,485**
Translation	--
Balance as at 31 December 2019	**13,485**

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount and no impairment loss during 2019 (2018: nil) was recognised.

The key assumptions are the expected increase in the number of calls and passengers of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11.26% was used for discounting future cash flows to the reporting date. The growth in number of passengers was assumed at 26.7% average per annum until 2023, followed by 2% per annum until end of concession. 13 years of cash flows were included in the discounted cash flow instead of 5 years plus terminal value as the life of the rights are determined in the concession agreement. The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 12% at a market interest rate of 7%. The growth is forecasted based on the nature of the business. Average days during cruise season used as 210 days, average cruise itineraries of 7 days during 2016-2018 is used during the forecast period. An average of 8 ship calls are added for every itinerary change for the region.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 12.9%.

15 Equity-accounted investees

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

Equity-accounted investees	Locations	Operations
LCT - Lisbon Cruise Terminals, LDA ("Port of Lisbon") (*)	Portugal	Port operations
SATS – Creuers Cruise Services Pte. Ltd. ("Singapore Port") (**)	Singapore	Port operations
Venezia Investimenti Srl. ("Venice Investment") (***)	Italy	Port investments
La Spezia Cruise Facility Srl. ("La Spezia") (****)	Italy	Port operations

(*) The Group has entered into the concession agreement of Lisbon Cruise Terminals 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 Lisbon Cruise Terminals as at 31 December 2019, hence the Group can only appoint a minority of Directors to the Board and therefore does not have control over the Entity. Port of Lisbon has been recognized as an equity-accounted investee in the consolidated financial statements as at and for the year ended 31 December 2019 and 2018.

(**) Barcelona Port Investments, S.L ("BPI") was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ("RCCL") on 26 July 2013 for the purpose of acquiring a Creuers. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as an 80% interest in the port operation rights for the Malaga cruise port and a 40% interest in the port operation rights for the Singapore cruise port. The entity has a fiscal year starting from 1 April and ending on 31 March. The entity's financial results are aligned to the Group's fiscal year to account for under the scope of IAS 28. The effective interest rate held on Singapore cruise port is 24.8%. Singapore cruise port has been recognised as an equity-accounted investee in the consolidated financial statements as at and for the years ended 31 December 2019 and 2018.

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

(****) GPH purchased a minority interest through of 28.5% POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

For the year ended 31 December 2019

At 31 December 2019, La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2019. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

	La Spezia (USD'000)	**Venezia Investimenti (USD'000)**	**Lisbon Cruise Terminals (USD'000)**	**Singapore Port (USD'000)**
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	--	34,274	29,465	7,141
Current assets	25	5,020	6,484	19,272
Non-current liabilities	--	--	(13,569)	(2,846)
Current liabilities	--	(37)	(3,476)	(5,312)
Net assets (100%)	25	39,257	18,904	18,255
Group's share of net assets	7	9,814	9,452	7,302
Carrying amount of interest in equity-accounted investees	**7**	**9,814**	**9,452**	**7,302**
Revenue	--	3,053	7,832	28,490
Expenses	--	(925)	(6,340)	(17,735)
Profit and total comprehensive income for the year (100%)	--	2,128	1,492	10,755
Group's share of profit and total comprehensive income	--	**532**	**746**	**4,302**

15 Equity-accounted investees *(continued)*

As at 31 December 2019, the amounts in the above table include the following:

USD '000	La Spezia (USD'000)	Venezia Investimenti (USD'000)	Lisbon Cruise Terminals (USD'000)	Singapore Port (USD 000)
Cash and cash equivalents	25	5,000	8,790	2,763
Non-current financial liabilities (excluding trade and other payables and provisions)	--	--	(13,569)	(2,403)
Current financial liabilities (excluding trade and other payables and provisions)	--	--	(934)	(337)
Interest income	--	--	--	74
Depreciation and amortisation	--	(2)	(1,260)	(1,885)
Interest expense	--	--	(456)	--
Income tax expense	--	--	(444)	(2,615)

For the year ended 31 December 2019, the Group's share of profit and total comprehensive income is set out below:

	Net profit
Venezia Investimenti	532
Port of Lisbon	746
Singapore Port	4,302
Group's share of profit and total comprehensive income	**5,580**

For the year ended 31 December 2018

At 31 December 2018, La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2018. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port.

In USD 000's	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	--	35,082	30,307	3,370
Current assets	134	2,967	5,990	21,858
Non-current liabilities	--	--	(14,843)	--
Current liabilities	--	51	(3,487)	(6,591)
Net assets (100%)	134	38,100	17,967	18,637
Group's share of net assets	40	9,525	8,983	7,455
Carrying amount of interest in equity accounted investees	**40**	**9,525**	**8,983**	**7,455**
Revenue	--	808	6,255	28,743
Expenses	--	(106)	(4,800)	(16,924)
Profit / (loss) and total comprehensive income for the year (100%)	--	702	1,455	11,819
Group's share of profit and total comprehensive income	**--**	**176**	**728**	**4,727**

15 Equity-accounted investees *(continued)*

As at 31 December 2018, the amounts in the above table include the following:

	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Cash and cash equivalents	134	2,899	1,807	8,380
Non-current financial liabilities (excluding trade and other payables and provisions)	--	--	(14,843)	--
Current financial liabilities (excluding trade and other payables and provisions)	--	--	(874)	--
Interest income	--	--	--	(40)
Depreciation and amortisation	--	(2)	(1,253)	(806)
Interest expense	--	--	(490)	--
Interest tax expense	--	--	(437)	(2,363)

For the year ended 31 December 2018, the Group's share of profit and total comprehensive income is set out below:

	Net profit
Venezia Investimenti	176
Port of Lisbon	728
Singapore Port	4,727
Group's share of profit and total comprehensive income	**5,631**

Movements in the equity investments for the years ended 31 December, comprised the following:

	2019 (USD '000)	2018 (USD '000)
Balance at the beginning of the year	26,003	22,004
Current period net income	5,580	5,631
Dividend distribution	(2,849)	(541)
Currency translation differences	(2,159)	(1,091)
Balance at the end of the year	**26,575**	**26,003**

16 Other investments

As at 31 December, non-current investments comprised of the following;

	2019	2018
Other financial assets	4	4
Total	**4**	**4**

As at 31 December, other current investments comprised of the following:

	2019	2018
Time deposits with the maturity more than 3 months	71	72
Total	**71**	**72**

17 Taxation

Corporate tax

Turkey
Corporate income tax is levied at the rate of 22% on the statutory corporate income tax base (up from 20% in 2017) for the tax periods 2018, 2019, and 2020, which is determined by modifying income for certain tax exclusions and allowances.

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

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

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

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2017: 20%).

Spain
The corporate tax rate for the years ended 31 December 2019 and 2018 are determined at 25%.

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

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

Other countries

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

Transfer pricing

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

Income withholding tax

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

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

17 Taxation *(continued)*

Corporate tax *(continued)*

Tax expense

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

	2019	2018
Current tax charge	(7,476)	(8,026)
Deferred tax benefit	5,621	6,546
Total tax expense	**(1,855)**	**(1,480)**

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

	2019	2018
Current tax liability at 1 January	**2,459**	**2,218**
Current tax charge	7,476	8,026
Currency translation difference	(15)	(440)
Taxes paid during year	(7,195)	(7,345)
Total current tax liabilities	**2,725**	**2,459**

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

(Loss)/ Profit before income tax		**(10,903)**		**13,964**
Tax using the Group's domestic tax rate	(22)	2,427	(22)	(3,046)
Effect of tax rates in foreign jurisdictions	(35)	(1,482)	(9)	(1,215)
Tax effect of:				
Income from tax exempt maritime operations (*)	(6)	670	7	947
recognition of previously unrecognised losses	(6)	703	--	--
Permanent differences net off losses not recognised for deferred tax (**)	33	(7,286)	(7)	(953)
Tax effect of share of profits on equity accounted investees	12	1,348	4	548
non-taxable income (***)	(71)	--	7	921
Disallowable expenses	1	(150)	(2)	(280)
Adjustment in the period for current tax of prior periods (****)	--	--	11	1,602
Capital allowances used	2	(191)	--	--
Donations	--	(3)	--	(1)
Other	5	2,109	--	(5)
	17	**(1,855)**	**(11)**	**(1,460)**

(*) Income generated through the vessels covered by the Turkish International Ship Registry Law authorised on 16 Dec ember 1999 is not subject to income tax and expenses related to these operations as they are considered disallowable expenses.
(**) Permanent differences created from the differences between Turkish tax accounting regulations and IFRS requirements.
(***) Effect of non-taxable income mainly relates to share profit of equity-accounted investees.
(****) The Spanish Corporate Income Tax ("CIT") legislation provides for various mechanisms to correct any double taxation that may arise on company sale and purchase transactions. Specifically, the double taxation referred to arises basically where existing reserves, unrealized gains and the goodwill of the business associated with the ownership interest in acquired companies would have been taxed at the transferors due to the increase in the gain included in their taxable base (as such reserves, unrealized gains and goodwill are taken into account when calculating the sale price of the ownership), having previously been taxed at the Group (i,e, existing reserves), or the aforementioned unrealized gains and goodwill having become subject to tax when they are realized and become taxable income.
In 2013 and 2014 Barcelona Port Investments, S,L, ("BPI") acquired ownership interests in Creuers del Port de Barcelona, S,A, which resulted to tax return during acquisition based on above regulation.
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.

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

17 Taxation *(continued)*

Deferred tax

The balance comprises temporary differences attributable to:

	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property and equipment	996	(6,664)	1,243	(5,814)
Intangible assets	464	(79,760)	--	(87,201)
Tax losses carried forward	754	--	--	--
Provision for employment termination indemnity and vacation pay	220	--	160	--
Adjustment in the period for current tax of prior periods	--	--	1,566	--
Other	2,101	(647)	1,433	(615)
Subtotal	**4,535**	**(87,071)**	**4,402**	**(93,630)**
Set off of tax	(2,356)	2,356	(1,336)	1,336
Total deferred tax assets/(liabilities)	**2,179**	**(84,715)**	**3,066**	**(92,294)**

(*) At the reporting date, the Group has statutory tax losses available for offsetting against future profits in Turkish operations. Such carried forward tax losses do not expire until 2024. Deferred tax assets have been recognised in respect of these items since it is probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are attributable to the items detailed in the table below:

	Property and equipment	Tax losses carried forward	Provision for employment termination indemnity and vacation pay	Intangible assets	Adjustment in the period for current tax of prior periods	Other	Total
At 1 January 2018	**764**	**6**	**326**	**(97,151)**	**--**	**(2,129)**	**(98,184)**
Charge/(credit) to profit or loss	(3,899)	--	(122)	7,272	1,602	1,693	6,546
Exchange differences	(1,436)	(6)	(44)	2,678	(36)	1,254	2,410
At 31 December 2018	**(4,571)**	**--**	**160**	**(87,201)**	**1,566**	**818**	**(89,228)**
Charge/(credit) to profit or loss	(1,200)	754	(4)	6,880	(1,530)	721	5,621
Through OCI	--	--	(9)	--	--	--	(9)
Exchange differences	103	--	73	1,025	(36)	(85)	1,080
At 31 December 2019	**(5,668)**	**754**	**220**	**(79,296)**	**--**	**1,454**	**(82,536)**

17 Taxation *(continued)*

Deferred tax *(continued)*

As at 31 December 2019 and 2018, the breakdown of the tax losses carried forward in terms of their final years of utilization is as follows:

	2019		2018	
Expiry years of the tax losses carried forward	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
2019	--	--	--	5,694
2020	--	2,446	--	2,502
2021	--	1,932	--	1,978
2022	--	2,488	--	2,547
2023	3,197	4,496	--	1,329
2024	228	13,316	--	--
	3,425	**24,678**	--	**14,050**

Unrecognized deferred tax assets

At the reporting date, the Group has Turkey and Montenegro statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses do not expire until 2024. Deferred tax assets have not been recognised in respect of some portions of these items since it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Amounts recognized in OCI

USD '000	2019			2018		
	Before tax	**Tax (expense)/ benefit**	**Net of tax**	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**
Remeasurements of defined benefit liability	(40)	9	(31)	(19)	4	(15)
Foreign operations - foreign currency translation differences	19,563	--	19,563	42,772	--	42,772
Net investment hedge	(24,725)	--	(24,725)	(59,785)	--	(59,785)
Cash flow hedges	89	--	89	155	--	155
Total	**(5,113)**	**9**	**(5,104)**	**(16,877)**	**4**	**(16,873)**

(Amounts expressed in thousand USD 000’s (“USD’000”))

18 Trade and other receivables

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

	2019	2018
Trade receivables	14,960	12,913
Deposits and advances given(*)	5,566	5,602
Other receivables	3,402	1,472
Total trade and other receivables	**23,928**	**19,987**

(*) The amount in deposits and advances given is related to cash guarantee blocked on Italian Notary to give a letter of Guarantee to Venezia Investimenti related to the extension of transaction explained in note 29 (b).

As at 31 December, trade receivables comprised the following:

	2019	2018
Receivables from customers	14,960	12,913
Doubtful receivables	1,969	1,691
Allowance for doubtful receivables (-)	(1,969)	(1,691)
Total	**14,960**	**12,913**

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

	2019	2018
Balance at the beginning of the year	(1,691)	(1,998)
Allowance for the year	(344)	(143)
Collections	3	179
Translation difference	(535)	199
Written off during the year	598	72
Balance at the end of the year	**(1,969)**	**(1,691)**

As at 31 December 2019 and 2018, current trade receivables mature between 0-3 months, in line with the nature of business, Turkish Ports are working with lower maturities mainly through advance payments, while European Ports has 30 – 45 days of maturities.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 33.

Loss allowance in respect of trade receivables is recognised in administrative expenses.

19 Other assets

Other non-current assets

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

	2019	2018
Housing loans given to employees (*)	2,399	2,740
Advances given (**)	1,800	1,532
Prepaid expenses	350	328
Deposits and guarantees given	24	26
Total	**4,573**	**4,626**

(*) As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years. The housing loans were acquired as part of business combinations and recognised at fair value on acquisition date. Subsequent to the acquisition date the loans have been held as loans and receivables, at amortised cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgages over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default.

(**) Company has paid an advance for the acquisition of minority shares of Bodrum Cruise Port amounting USD 1,5 million.

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

19 Other assets *(continued)*

Other current assets

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

	2019	2018
Prepaid expenses	1,231	1,399
Value added tax receivable	431	752
Advances given	423	486
Housing loans given to employees	186	200
Other	26	100
Total	**2,297**	**2,937**

20 Inventories

As at 31 December, inventories comprised the following:

	2019	2018
Commercial goods	357	424
Other inventories (*)	1,033	1,030
Total	**1,390**	**1,454**

(*) Other inventories composed of replacement parts for the machinery park of commercial ports.

The cost of inventories recognized as an expense during the year in respect of duty free operations run in Valletta Cruise Port was USD 2,321 thousand (31 December 2018: USD 2,453 thousand).

21 Cash and cash equivalents

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

	2019	2018
Cash on hand	111	63
Cash at banks	46,810	79,217
- Demand deposits	*28,996*	*52,000*
- Time deposits	*17,814*	*27,217*
- Overnight deposits	--	--
Cash and cash equivalents	**46,921**	**79,280**

	2019	2018
Cash and cash equivalents at balance sheet	46,921	79,280
Less: Restricted cash	(5,672)	(7,475)
Cash and cash equivalents for cash flow statement purposes	**41,249**	**71,805**

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

	2019	2018
Up to 1 month	16,750	26,750
1-3 months	1,064	467
Total	**17,814**	**27,217**

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

21 Cash and cash equivalents *(continued)*

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

	2019	2018
Interest rate for time deposit-TL (highest)	9,0%	21,5%
Interest rate for time deposit-TL (lowest)	8,0%	19,75%
Interest rate for time deposit-USD (highest)	1,9%	3,17%
Interest rate for time deposit-USD (lowest)	1,3%	1,5%
Interest rate for time deposit-EUR (highest)	0,01%	--
Interest rate for time deposit-EUR (lowest)	0,15%	--

As at 31 December 2019, cash at banks amounting to USD 5,672 thousand (31 December 2018: USD 7,475 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 24). The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 33.

22 Capital and reserves

a) *Share capital*

As at 31 December 2019, the Group's statutory nominal value of authorized and paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each. On 17 May 2017, shareholders of the Group sold their shares to Global Ports Holding PLC, Global Ports Holding PLC had gone public as of that date.

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

	As at 31 December 2019		As at 31 December 2018	
	Value of Share	Proportion of share %	Value of Share	Proportion of share %
Global Ports Holding PLC	33,828	100,00	33,828	100,00
Paid in capital (nominal)	**33,828**	**100,00**	**33,828**	**100,00**
Inflation accounting adjustment	8		8	
Inflation adjusted capital	**33,836**		**33,836**	

b) *Nature and purpose of reserves*

(i) Translation reserves

The translation reserves amounting to USD 219,166 thousand (2018: USD 197,973 thousand) is recognized as a separate account under equity and comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and equity accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit actually distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case free reserves are unavailable As at 31 December 2019, the legal reserves of the Group amounted to USD 13,144 thousand (2018: USD 13,030 thousand).

22 Capital and reserves *(continued)*

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

(iii) Hedging reserves

Net Investment hedge

In the year ended 31 December 2019, the Group has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net assets of Port Akdeniz, Ege Port and Bodrum Cruise Port (31 December 2018: the Group has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net asset of Port Akdeniz). Starting from 1 January 2019, Ege Port and Bodrum Cruise Port were added to the US Dollar denominated assets with the change in their functional currency as described in Note 3(c). The ineffective portion of the investment hedge is USD 5,222 thousand as at 31 December 2019 (31 December 2018: USD 17,552 thousand).

Cash flow hedge

The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 335 thousand loss (31 December 2018, USD 155 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – ineffective portion of changes in fair value line item for the year was USD 246 thousand (31 December 2018, USD 216 thousand) recognized at financial expenses on profit and loss statement.

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

	3 months or less	**More than 3 months but less than 1 year**	**5 years or less but more than 1 year**	**More than 5 years**
	(USD '000)	**(USD '000)**	**(USD '000)**	**(USD '000)**
Net cash outflows exposure				
Liabilities	--	220	265	--
At 31 December 2019	**--**	**220**	**265**	**--**
Net cash outflows exposure				
Liabilities	--	235	431	--
At 31 December 2018	**--**	**235**	**431**	**--**

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

22 Capital and reserves *(continued)*

c) Dividends

Dividend distributions are made by the Group in TL in accordance with its articles, after deducting taxes and setting aside the legal reserves as discussed above. In 2019, General Assembly of GPH decided to distribute USD 31,887 to its shareholder. Total amount declared in 2019 distribution is paid in cash. Dividends to non-controlling interests totalled USD 6,366 thousand in 2019 (2018: USD 3,797 thousand) and comprised a distribution of USD 2,550 thousand (2018: USD 1,320 thousand) made to other shareholders by Valletta Cruise Port, a distribution of USD 65 thousand (2018: none) made to other shareholders by Cagliari Cruise Port, and a distribution of USD 3,751 thousand (2018: USD 2,477 thousand) made to other shareholders by Barcelona Port Investments.

d) OCI accumulated in reserves, net of tax

	Attributable to owners of the Group					
	Translation reserve	**Hedging reserve**	**Retained earnings**	**Total**	**NCI**	**Total OCI**
2019						
Net investment and cash flow hedge	--	(24,636)	--	(24,636)	--	**(24,636)**
Foreign currency translation differences	21,254	--	--	21,254	(1,691)	**19,563**
Remeasurements of defined benefit liability	--	--	(31)	(31)	--	**(31)**
Total	**21,254**	**(24,636)**	**(31)**	**(3,413)**	**(1,691)**	**(5,104)**

	Attributable to owners of the Group					
	Translation reserve	**Hedging reserve**	**Retained earnings**	**Total**	**NCI**	**Total OCI**
2018						
Net investment and cash flow hedge	--	(59,630)	--	(59,630)	--	**(59,630)**
Foreign currency translation differences	47,347	--	--	47,347	(4,514)	**42,833**
Remeasurements of defined benefit liability	--	--	(76)	(76)	--	**(76)**
Total	**47,347**	**(59,630)**	**(76)**	**(12,359)**	**(4,514)**	**(16,873)**

23 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2019:

USD '000

	Ege Ports	Bodrum Cruise Port	Valletta	Port of Adria	BPI	Cruceros	Ravenna	Cagliari	Catania	Global Gemicilik	Total
NCI percentage	27,50%	40,00%	44,40%	36,21%	38,00%	50,40%	46,33%	29,11%	37,79%	5,00%	
Non-current assets	30,512	5,749	116,138	70,080	117,785	21,442	92	3,395	2,563	7	
Current assets	15,771	1,594	1,296	2,787	17,511	4,413	166	850	531	95	
Non-current liabilities	(4,569)	(3,589)	(55,313)	(34,264)	(45,239)	(14,497)	(9)	(1,237)	(1,349)	--	
Current liabilities	(5,350)	(1,262)	(5,117)	(4,234)	(6,761)	(2,094)	(362)	(638)	(498)	(61)	
Net assets	**36,364**	**2,492**	**57,004**	**34,369**	**83,296**	**9,264**	**(113)**	**2,370**	**1,247**	**41**	
Net assets attributable to NCI	**10,000**	**997**	**25,347**	**12,445**	**31,652**	**4,669**	**(52)**	**690**	**471**	**2**	**86,221**
Revenue	6,549	1,367	13,872	7,380	27,837	3,441	178	1,900	1,760	156	
Profit	1,465	(2,145)	2,543	(2,709)	9,414	(109)	(176)	62	141	(178)	
OCI	(16)	(5)	(1,356)	(869)	(1,662)	(220)	(2)	(59)	(26)	8	
Total comprehensive income	**1,449**	**(2,150)**	**1,187**	**(3,578)**	**7,752**	**(329)**	**(178)**	**3**	**115**	**(170)**	
Profit for the year attributable to NCI	403	(858)	1,162	(981)	3,577	(55)	(82)	18	53	(3)	**3,234**
OCI for the year attributable to NCI	(4)	(2)	(597)	(315)	(632)	(111)	(1)	(17)	(10)	(2)	**(1,691)**
Dividends paid to NCI	**--**	**--**	**(2,550)**	**--**	**(3,751)**	**--**	**--**	**(65)**	**--**	**--**	**(6,366)**
Net cash inflow/(outflow) from operating activities	4,285	(1,302)	6,041	1,506	28,041	1,020	66	143	113	(413)	
Net cash inflow/(outflow) from investing activities	(16)	(50)	(1,607)	(1,592)	2,954	(9)	2	(81)	(49)	(6)	
Net cash inflow/(outflow) from financing activities	(16,292)	1,301	(3,916)	194	(35,004)	(1,477)	(105)	(225)	98	520	
Net cash inflow/(outflow)	**(12,023)**	**(51)**	**518**	**108**	**(4,009)**	**(466)**	**(37)**	**(163)**	**162**	**101**	

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

23 Non-controlling interests *(continued)*

The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2018:

	Ege Ports	Bodrum Cruise Port	Valetta	Port of Adria	BPI	Cruceros	Ravenna	Cagliari	Catania	Total
NCI Percentage	**27,5%**	**40,0%**	**44,4%**	**36,2%**	**38,0%**	**50,4%**	**46,3%**	**29,1%**	**37,8%**	
Non-current assets	33,332	5,304	95,089	65,202	128,224	13,009	254	3,863	2,911	
Current assets	14,785	1,685	1,667	2,470	16,236	4,191	221	927	311	
Non-current liabilities	(8,379)	(1,445)	(31,921)	(27,511)	(50,077)	(6,108)	(139)	(1,672)	(1,616)	
Current liabilities	(4,822)	(902)	(3,326)	(2,214)	(8,967)	(1,500)	(270)	(526)	(478)	
Net assets	**34,916**	**4,642**	**61,509**	**37,947**	**85,416**	**9,592**	**66**	**2,592**	**1,128**	
Net assets attributable to NCI	9,602	1,858	27,310	13,742	32,458	4,834	30	754	426	**91,044**
Revenue	4,650	1,776	13,017	10,042	27,846	3,731	169	1,943	1,079	
Profit / (loss)	(8,109)	(1,810)	2,335	(1,254)	21,522	1,083	(155)	262	(60)	
OCI	(1,701)	(238)	(2,611)	(1,484)	(5,233)	(411)	(6)	(118)	(60)	
Total comprehensive income / (loss)	**(9,810)**	**(2,048)**	**(276)**	**(2,738)**	**16,289**	**672**	**(161)**	**144**	**--**	
Profit / (loss) allocated to NCI	(2,230)	(724)	1,069	(454)	8,178	546	(72)	76	(23)	**6,366**
OCI allocated to NCI	(468)	(95)	(1,157)	(538)	(1,989)	(207)	(3)	(34)	(23)	**(4,514)**
Dividends paid to NCI	--	--	(1,325)	--	(2,404)	--	--	(68)	--	**(3,797)**
Net cash inflow/(outflow) from operating activities	5,630	2,022	7,989	3,181	30,040	1,365	(53)	1,185	210	
Net cash inflow/(outflow) from investing activities	10,892	(1,704)	(4,877)	1750	(20,808)	(860)	--	(267)	120	
Net cash inflow/(outflow) from financing activities	(252)	(60)	(913)	(3,478)	(1,870)	(14)	(57)	(72)	(257)	
Net cash inflow/(outflow)	**16,270**	**258**	**2,199**	**1,453**	**7,362**	**491**	**(110)**	**846**	**73**	

(Amounts expressed in thousand USD 000’s (“USD’000”))

24 Loans and borrowings

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

Short term loans and borrowings	**2019**	**2018**
Short term portion of Eurobond issued	18,554	18,559
Short term bank loans	12,497	12,031
- *TL Loans*	*3,632*	--
- *Foreign currency loans*	*8,865*	*12,031*
Short term portion of long term bank loans	29,900	16,852
- *TL Loans*	*822*	*575*
- *Foreign currency loans*	*29,078*	*16,277*
Finance lease obligations	1,859	1,313
Total	**62,810**	**48,755**

Long term loans and borrowings	**2019**	**2018**
Long term portion of Eurobond issued	232,435	231,666
Long term bank loans	62,958	66,038
- *TL Loans*	*7*	*25,565*
- *Foreign currency loans*	*62,951*	*40,473*
Finance lease obligations	50,869	592
Total	**346,262**	**298,296**

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

Year	**2019**	**2018**
Between 1-2 years	254,996	34,122
Between 2-3 years	11,036	225,086
Between 3-4 years	7,419	11,259
Over 5 years	21,942	27,237
Total	**295,393**	**297,704**

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

	2019			**2018**		
	Future minimum lease payments	*Interest*	*Present value of minimum lease payments*	*Future minimum lease payments*	*Interest*	*Present value of minimum lease payments*
Less than one year	2,815	(956)	1,859	1,382	(69)	1,313
Between one and five years	109,791	(58,922)	50,869	637	(45)	592
Total	**112,606**	**(59,878)**	**52,728**	**2,019**	**(114)**	**1,905**

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

24 Loans and borrowings *(continued)*

Details of the loans and borrowings as at 31 December 2019 are as follows:

						As at 31 December 2019	
Loans and borrowings type	**Company name**	**Currency**	**Maturity**	**Interest type**	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds (i)	Global Liman	USD	2021	Fixed	8,13	250,000	250,989
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4,00	18,224	17,857
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1,75	4,467	4,437
Secured Loan (iv)	Valetta Cruise Port	EUR	2026	Floating	Euribor + 2,80	10,295	9,162
Secured Loan (viii)	Global BV	EUR	2020	Floating	Euribor + 4,60	5,430	5,441
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2,20 – 6,20	564	564
Secured Loan	Bodrum Cruise Port	TL	2020	Fixed	17,0 – 27,5	513	594
Secured Loan (vii)	Port of Adria	EUR	2025	Floating	Euribor + 4,25	22,392	22,551
Secured Loan	Port of Adria	EUR	2019	Fixed	3,85	840	842
Secured Loan	Ortadoğu Liman	TL	2020	Fixed	14,50	337	337
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	3,60 – 6,60	1,401	1,401
Secured Loan	Ortadoğu Liman	EUR	2020	Fixed	3,40 – 6,00	533	535
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4,00	2,686	2,651
						317,682	**317,361**
Loans used to finance working capital							
Unsecured Loan	Global Liman	TL	2020	Fixed	26,34	2,694	2,701
Unsecured Loan	Ege Liman	USD	2020	Fixed	4,95	1,500	1,511
Unsecured Loan	Ege Liman	EUR	2020	Fixed	3,54	2,377	2,438
Unsecured Loan	Ege Liman	TL	2020 – 2021	Fixed	15,84 – 30,6	534	509
Secured Loan	Ortadoğu Liman	EUR	2020	Fixed	3,80 – 8,75	20,849	21,025
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	3,80 – 8,75	10,289	10,478
Secured Loan	Ortadoğu Liman	TL	2020	Fixed	26	320	321
						38,563	**38,983**
Finance lease obligations							
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7,35	187	186
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	1,96	45	45
Leasing (vi)	Ege Liman	USD	2020	Fixed	7,75	1	1
Leasing	Ege Liman	EUR	2020	Fixed	5,5	385	385
Leasing	Barcelona Cruise Port	EUR	2020	Fixed	3,9	3	4
Leasing (ix)	Barcelona Cruise Port	EUR	2030	Fixed	4,0	2,424	2,424
Leasing (ix)	Malaga Cruise Port	EUR	2036	Fixed	4,0	9,478	9,479
Leasing (ix)	Valetta Cruise Port	EUR	2066	Fixed	4,27	25,386	25,001
Leasing (ix)	Bodrum Cruise Port	TL	2067	Fixed	8,3	2,441	2,474
Leasing (ix)	Port of Adria	EUR	2043	Fixed	3,85	14,115	9,408
Leasing (ix)	Zadar	HRK	2038	Fixed	9,35	2,993	2,994
Leasing (ix)	Cagliari Cruise Port	EUR	2026	Fixed	4,5	328	327
						57,786	**52,728**
							409,072

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

24 Loans and borrowings *(continued)*

Details of the loans and borrowings as at 31 December 2018 are as follows:

						As at 31 December 2018	
Loans and borrowings type	**Company name**	**Currency**	**Maturity**	**Interest type**	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds (i)	Global Liman	USD	2021	Fixed	8,13	250,000	250,224
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4,00	22,873	22,333
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1,75	5,374	5,337
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3,00	9,644	8,832
Secured Loan (viii)	Global BV	EUR	2020	Floating	Euribor + 4,60	11,172	11,176
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2,20 – 6,20	635	595
Secured Loan (vii)	Port of Adria	EUR	2025	Floating	Euribor + 4,25	21,556	21,707
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	3,60 – 6,60	699	700
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	3,40 – 6,00	572	575
						322,525	**321,479**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2019	Fixed	6,50	330	347
Unsecured Loan	Ege Liman	EUR	2020	Fixed	3,54	4,778	4,897
Unsecured Loan	Ege Liman	TL	2020	Fixed	15,84	241	244
Unsecured Loan	Ege Liman	TL	2019	Fixed	18,50	222	219
Secured Loan	Ege Liman	TL	2020	Fixed	17,76	112	112
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	3,80 – 8,75	14,876	15,136
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4,00	2,749	2,712
						23,308	**23,667**
Finance lease obligations							
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7,35	533	533
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	1,96	63	64
Leasing (vi)	Ege Liman	EUR	2020	Fixed	7,75	1,133	1,133
Leasing	Ege Liman	USD	2020	Fixed	8,60	149	175
						1,878	**1,905**
							347,051

24 Loans and borrowings *(continued)*

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

(i) The sales process of the Eurobond issuances amounting to USD 250 million with 7 years of maturity, and 8,125% coupon rate based on 8,250% reoffer yield was completed on 14 November 2014. Coupon repayment was made semi-annually. The bonds are now quoted at Irish Stock Exchange.

Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- According to the Eurobond issued by Global Liman, the consolidated leverage ratio may not exceed 5,0 to 1 (incurrence covenant). The consolidated leverage ratio as defined in the Eurobond includes Global Liman as the issuer and all of its consolidated subsidiaries excluding the Malaga Cruise Port and Valletta Cruise Port (both being Unrestricted Subsidiaries as defined in the Eurobond). Irrespective of the consolidated leverage ratio, the issuer will be entitled to incur any or all of the following indebtedness:
    - Indebtedness incurred by Global Liman (the "Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5,000,000;
    - Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10,000,000;
    - Any additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and Port of Adria Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20,000,000; and provided further, that more than 50% in aggregate principal amount of any Port of Adria Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.
- Group debt covenants are calculated based on applicable IFRSs as of the time the lease obligations were initially recognized. Therefore, the group debt covenants as at period end have not been affected from the transition to IFRS 16. Management will assess in the future for any new transactions that will be entered into, depending on the nature of them, whether debt covenants' calculations are affected.

(ii) On 30 September 2014, BPI and Creuers entered into a syndicated loan. Tranch A of this loan is paid semi-annually, at the end of June and December, with the last payment being in 2023. Tranch B already paid, Tranch C amounting to Euro 2,4 million has a bullet payment in 2024. The interest rate of this loan is Euribor 6m + 4,00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, all the shares of BPI (a total of 3,170,500 shares each being €1) and Creuers (3,005,061shares each being €1) are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

(iii) On 12 January 2010, Cruceros Málaga, S,A, entered into a loan agreement with Unicaja regarding a Euro 9 million loan to finance the construction of the new terminal. This loan had an 18-month grace period. It is linked to Euribor and has a term of 180 months from the agreement execution date. Therefore, the maturity date of the loan is on 12 January 2025. A mortgage has been taken out on the administrative concession agreement to guarantee repayment of the loan principal and accrued interest thereon.

24 Loans and borrowings *(continued)*

(iv) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor + 2,8% (2018: Euribor + 3,0%), per annum and are secured by a general hypothec over the Group's present and future assets, together with a special hypothec over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

(v) On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port tugboat with the interest rate of 7,35% having the maturity of 16 July 2020.

(vi) On June 2014, Ege Liman has signed a finance lease agreement for port tugboat with the interest rate of 7,75% with the maturity at 2020.

(vii) Port of Adria entered into a loan agreement with EBRD amounting to Euro 20 million in total on 26 February 2018 with a 7-year maturity, 2 years grace period and an interest rate of Euribor + 4,25%. Principal and interest will be payable quarterly, in January, April, July and November of each year. Under this loan agreement, in the event of default, all shares of Port of Adria (12,040,993 Shares having 0,5026 € nominal value per each and 30,683,933 Shares having 1,1485 € nominal value per each) are pledged to the bank in accordance with a share pledge agreement. In compliance with this agreement, the Group is also guarantor of Port of Adria, and as per agreement, the Group has to comply with the consolidated leverage ratio of 5,0 to 1, as it is presented on the Eurobond of Global Liman.

(viii) Global Ports Europe BV entered into a loan amounting to Euro 22 million in total on 16 November 2015 with a 5-year maturity, 12 months grace period and an interest rate of Euribor + 4,60%. Principal and interest is payable bi-annually, in May and November of each year. Under this loan agreement, in the event of default, all shares of Global Ports Europe BV are pledged to the bank in accordance with a share pledge agreement.

(ix) These amounts refer to IFRS 16 application. For further info refer to 29(d)

USD'000		**Liabilities**		**Equity**		
	Note	**Loans and Borrowings**	**Leases**	**Retained earnings**	**NCI**	**Total**
Balance at 1 January 2019		**345,146**	**1,905**	**3,133**	**91,044**	**441,228**
Changes from financing cash flows						
Proceeds from loans and borrowings		43,720	--	--	--	**43,720**
Repayment of borrowings		(31,949)	(2,897)	--	--	**(34,846)**
Dividend paid		--	--	(31,887)	(5,019)	**(36,906)**
Total changes from financing cash flows		**11,771**	**(2,897)**	**(31,887)**	**(5,019)**	**(28,032)**
The effect of changes in foreign exchange rates		4,785	(331)	(61)	--	**4,393**
Other changes Liability-related						
New leases		--	54,270	--	--	**54,270**
Interest expense		25,900	2,258	--	--	**28,158**
Interest paid		(24,734)	(1,301)	--	--	**(26,035)**
Total liability-related other changes		(6,525)	(1,175)	--	--	**(7,700)**
Total equity-related other changes		--	--	(16,166)	196	**(15,970)**
Balance at 31 December 2019		**356,343**	**52,729**	**(44,981)**	**86,221**	**450,312**

24 Loans and borrowings *(continued)*

USD'000		Liabilities		Equity		
	Note	**Loans and Borrowings**	**Leases**	**Retained earnings**	**NCI**	**Total**
Balance at 1 January 2018		**338,326**	**3,394**	**1,957**	**92,895**	**436,572**
Changes from financing cash flows						
Proceeds from loans and borrowings		44,205	--	--	--	**44,205**
Repayment of borrowings		(34,645)	(1,479)	--	--	**(36,124)**
Dividend paid		--	--	(4,909)	(3,797)	**(8,706)**
Total changes from financing cash flows		**9,560**	**(1,479)**	**(4,909)**	**(3,797)**	**(625)**
The effect of changes in foreign exchange rates		(4,076)	31	61	--	**(3,984)**
Other changes Liability-related						
New leases		--	--	--	--	**--**
Interest expense		25,005	192	--	--	**25,197**
Interest paid		(23,902)	--	--	--	**(23,902)**
Total liability-related other changes		233	(233)	--	--	**--**
Total equity-related other changes		--	--	6,024	1,946	**7,970**
Balance at 31 December 2018		**345,146**	**1,905**	**3,133**	**91,044**	**441,228**

25 Trade and other payables

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

	2019	**2018**
Payables to suppliers	5,735	6,304
Taxes payable and social security contributions	5,645	1,404
Due to subsidiaries' other shareholders	1,247	2,400
Expense accruals	979	1,392
Advances received	654	879
Payables to personnel	300	420
Deposits received	578	338
Deferred revenue	313	111
Other	742	1,096
Total	**16,193**	**14,344**

The Group's average credit period for trade purchases is 37 days as of 31 December 2019 (31 December 2018: 39). The directors consider that the carrying amount of trade payables approximates to their fair value. The Group's exposure to currency and liquidity risk related to the trade and other payables is disclosed in Note 33.

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

26 Employee benefits

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

The amount payable consists of one month's salary limited to a maximum of USD 1,074 full for each period of service at 31 December 2019 (2018: USD 1,033 full).

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 consolidated financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Ceiling amount of USD 1,143 full which is in effect since 1 January 2020 is used in the calculation of Groups' provision for retirement pay liability for the year ended 31 December 2018 (1 January 2019: USD 1,144 full). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2019	**2018**
Discount rate	4,67%	4,67%
Turnover rate for the expectation of retirement probability	92% - 100%	92% - 100%

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

	2019	**2018**
1 January	797	936
Included in profit or loss		
Current service cost	139	23
Interest Cost	21	16
Included in OCI		
Actuarial losses/ (gain)	40	19
Other		
Benefits paid	(31)	(131)
Foreign currency translation differences	(97)	(66)
31 December	**869**	**797**

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

27 Provisions

Non-current	As at 31 December 2019	As at 31 December 2018
Replacement provisions for Creuers (*)	6,925	6,137
Port of Adria Concession fee provision (**)	--	1,375
Italian Ports Concession fee provisions(***)	822	1,322
Other	28	27
Total	**7,775**	**8,861**

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (see Note 29(c)), the Group has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.

During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, related to a reduction in the number of component of the port equipment and infrastructure that would require replacement. As a result, an amount of $12,210 was released from the provision in 2018.

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

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

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

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority entered into an agreement regarding the operating concession for the Cagliari Cruise Terminal which terminates on 13 January 2027. CCP had an obligation to pay a concession fee to the Cagliari Port Authority of Euro 44,316 per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

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

27 Provisions *(continued)*

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

	Replacement provisions for Creuers	Port of Adria Concession fee provision	Italian Ports Concession fee provision	Unused vacations	Legal (*)	Other	Total
Balance at 1 January 2019	**6,138**	**1,432**	**1,668**	**206**	**200**	**173**	**9,817**
Provisions created through p&l	673	--	--	86	1,133	61	1,953
Paid in cash	--	--	--	--	(12)	--	(12)
Provisions utilised	--	--	(262)	--	(15)	--	(277)
Reversal of provisions (**)	--	(1,432)	(377)	--	--	--	(1,809)
Unwinding of provisions	257	--	66	--	--	--	323
Currency translation difference	(143)	--	(30)	(16)	(11)	(4)	(204)
Balance at 31 December 2019	**6,925**	**--**	**1,065**	**276**	**1,295**	**230**	**9,791**
Non-current	6,925	--	822	--	--	28	7,775
Current	--	--	243	276	1,295	202	2,016
	6,925	**--**	**1,065**	**276**	**1,295**	**230**	**9,791**

	Replacement provisions for Creuers	Port of Adria Concession fee provision	Italian Ports Concession fee provision	Unused vacations	Legal (*)	Other	Total
Balance at 1 January 2018	**17,918**	**1,556**	**2,001**	**230**	**315**	**263**	**22,283**
Provisions created through p&l	677	--	--	44	--	--	721
Paid in cash	--	--	--	--	--	--	--
Provisions utilised	--	(62)	(328)	(3)	--	(80)	(473)
Reversal of provisions	(12,210)	--	--	--	(102)	--	(12,312)
Unwinding of provisions	226	--	77	--	--	--	303
Currency translation difference	(473)	(62)	(82)	(65)	(13)	(10)	(705)
Balance at 31 December 2018	**6,138**	**1,432**	**1,668**	**206**	**200**	**173**	**9,817**
Non-current	6,138	1,375	1,349	--	--	--	8,862
Current	--	57	319	206	200	173	955
	6,138	**1,432**	**1,668**	**206**	**200**	**173**	**9,817**

(*) One of Port Akdeniz' clients in the cement business has initiated a lawsuit against Port Akdeniz in relation to a commercial dispute on the fees payable by that client for its import and export transactions in 2018. Furthermore, a counterclaim has been initiated by Port Akdeniz for an amount due from this client in relation to loading services provided and extra fees incurred due to delays. Both cases are pending before the competent court.
(**) For the annual year starting at 1 January 2019, the Group has adopted option 2 of modified retrospective approach under which Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group reversed these accruals through Right of use asset as explained on Note 2 (a).

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

28 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 Group by the weighted average number of ordinary shares outstanding during the period, less own shares acquired.

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

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

	2019	**2018**
Profit / (loss) attributable to owners of the Group	(15,992)	6,118
Weighted average number of shares	74,307,399	74,307,399
Basic and diluted earnings per share with par value of TL 1	(21,52)	8,23

29 Commitments and contingencies

(a) Litigations

There are pending lawsuits that have been filed against or by the Group. Management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2019 is USD 1,295 thousand (31 December 2018: USD 200 thousand).

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

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

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya, Ege Port-Kuşadası and Bodrum Cruise Port to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

After going through legal proceedings, Bodrum Cruise Port's application for the extension of concession term is accepted by the relevant administrative authority. The extension agreement is executed on December 2018 which has extended the remaining concession period to 49 years. The original concession agreement was due to expire in December 2019 and following this new agreement the concession will now expire in December 2067.

Port Akdeniz-Antalya filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State rejected the appeal of Port Akdeniz-Antalya and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending.

The 31 December 2019 financial statements have been prepared assuming the current concession length.

Ege Port-Kuşadası filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement in favor of Ege Port-Kuşadası. The Privatization Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Port-Kuşadası. In this regard, Ege Port-Kuşadası has submitted an individual application to the Constitutional Court. Constitutional Court has rendered its decision against Ege Port-Kuşadası and the judicial process for the extension of the concession period has been concluded against Ege Port-Kuşadası. Accordingly, upon expiration of the concession period in 2033, Ege Port-Kuşadası will need to participate in the tender for new concession term.

29 Commitments and contingencies *(continued)*

(a) ***Litigations*** *(continued)*

The 31 December 2019 financial statements have been prepared assuming the current concession length.

Competition Authority Investigation

On 29 April 2019, the Competition Authority notified Port Akdeniz, that it has commenced an investigation into Port Akdeniz due to an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services. Port Akdeniz has engaged legal representation and submitted a full defence against all allegations on 28 May 2019. By law, the Competition Authority has 6 months from the submission date to evaluate the defences and prepare an investigation report which can be extended by an additional 6 months. On 16 September 2019, the Competition Authority has notified Port Akdeniz that the period for the preparation of the investigation report has been extended to 11 April 2020. At this stage, the claim has not been matured and it depends on the result of the final investigation report to be issued by the Competition Authority by no later than 11 April 2020. Whole process before the Competition Authority may take up to an additional 6 to 12 months (excluding the possibility to file an administrative lawsuit against a negative decision of the Competition Authority).

No provision is recognised in respect of this matter.

Other legal proceedings

The Port of Adria-Bar (Montenegro) is a party to the disputes arising from the collective labour agreement executed with the union by Luka Bar AD (former employer/company), which was applicable to Luka Bar AD employees transferred to Port of Adria-Bar. The collective labour agreement has expired in 2010, before the Port was acquired by the Group under the name of Port of Adria-Bar. However, a number of lawsuits have been brought in connection to this collective labour agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group, and (ii) alleged underpaid wages as of the start of 2014. On March 2017, the Supreme Court of Montenegro adopted a Standpoint in which it is ruled that collective labour agreement cannot be applied on rights, duties and responsibilities for employees of Port of Adria-Bar after September 30th, 2010. Although the Standpoint has established a precedent that has applied to the claims for the period after September 30th, 2010; there are various cases pending for claims related to the period of October 1st, 2009 - September 30th, 2010. In respect of the foregoing period of one year, the Port of Adria-Bar has applied to the Constitutional Court to question the alignment of the collective labour agreement with the Constitution, Labor Law and general collective agreement. The Port of Adria-Bar is notified that the application for initiating the procedure for reviewing the legality of the Collective Agreement has been rejected due to a procedural reason, without evaluating the arguments submitted. The Management is now in discussions with the local lawyers to determine defences for any potential claim and take it to the higher court and eventually to European courts for final decision once we exhaust local law avenue.

No provision is recognised in respect of this matter.

Global Liman İşletmeleri AŞ, as the majority shareholder of one of its subsidiaries, has paid a share purchase amount of USD 1.5 million to the shareholder of the relevant subsidiary, and the shareholder has not transferred its shares in the subsidiary to Global Liman. Global Liman has initiated an action of debt against the shareholder. It is expected that the case would resolve for the return of the share purchase amount or the completion of the share transfer.

No provision is recognised in respect of this matter.

One of Port Akdeniz' clients in the cement business has initiated a lawsuit against Port Akdeniz in relation to a commercial dispute on the fees payable by that client for its import and export transactions in 2018. Furthermore, a counter-claim has been initiated by Port Akdeniz for an amount due from this client in relation to loading services provided and extra fees incurred due to delays. Both cases are pending before the competent court.

A provision is recognised in respect of this matter. Please refer to note 27.

29 Commitments and contingencies *(continued)*

(b) Guarantees

As at 31 December 2019 and 2018, the letters of guarantee given comprised the following:

Letters of guarantee	**2019 (USD '000)**	**2018 (USD '000)**
Given to seller for the call option on APVS shares (*)	5,457	5,585
Given to Privatisation Administration / Port Authority	2,947	2,572
Other governmental authorities	5,715	2,220
Others	402	75
Total letters of guarantee	**14,521**	**10,452**

(*) Venetto Sviluppo, the 51% shareholder of APVS, which in turn owns a 53% stake in Venezia Terminal Passegeri S,p,A (VTP), has a put option to sell its shares in APVS partially or completely (up to 51%) to Venezia Investimenti (VI); while this option can be exercised between 15 May 2017 and 15 November 2018. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71,51% of VTP. The Group has given a guarantee letter in for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS.

Other collaterals are disclosed in Note 24.

(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:

The agreement allows Ege Liman to operate Ege Ports-Kuşadası for a term of 30 years for a total consideration of USD 24,3 million which has already been paid. Ege Liman's operation rights extend to port facilities, infrastructure and facilities which are either owned by the State or were used by TDI for operating the port, as well as the duty-free stores leased by the TDI. Ege Liman is entitled to construct and operate new stores in the port area with the written consent of the TDI.

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

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

Ege 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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ege Liman.

29 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. Ortadoğu Liman is able to determine tariffs for Port Akdeniz-Antalya's port services at its own discretion without being subject to TDI's approval (apart from the tariffs for services provided to Turkish military ships).

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

Ortadoğu 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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ortadoğu Liman.

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

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced.

Bodrum Liman also executed an extension on prior Concession Agreement with the General Directorate of National Property on 15 November 2018 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements for an extended period of 49 years starting from 31 December 2019. The BOT Agreement permits Bodrum Liman to determine tariffs for Bodrum Cruise Port's port services at its own discretion, provided that it complies with applicable legislation, such as applicable maritime laws and competition laws.

Bodrum Liman was required to pay the Directorate General for Infrastructure Investments a land utilisation fee. This fee increases by Turkish Consumer Price index each year. With the extension signed, this fee will be revised yearly as per the agreement between Company and Directorate General.

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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Bodrum Liman.

Port of Adria
The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") are stated below:
Global Liman will be performing services such as repair, financing, operation, maintenance in the Port of Adria for an operational period of 30 years (terminating in 2043).

29 Commitments and contingencies *(continued)*

(c) ***Contractual obligations*** *(continued)*

Port of Adria *(continued)*

CTGC has an obligation to pay to the Government of Montenegro (a) a fixed concession fee in the amount of Euro 500,000 per year; (b) a variable concession fee in the amount of Euro 5 per twenty-foot equivalent ("TEU") (full and empty) handled over the quay (ship-to-shore and shore-to-ship container handling), no fees are charged for the movement of the containers; (c) a variable concession fee in the amount of Euro 0,20 per ton of general cargo handled over the quay (ship-to-shore and shore-to-ship general cargo handling). However, pursuant to Montenegrin Law on Concessions, as an aid to the investor for investing in a port of national interest, the concession fee was set in the amount of Euro 1 for the period of three years starting from the effective date of the TOORA Contract. Tariffs for services are regulated pursuant to the terms of the concession agreement with the Montenegro port authority, where the maximum rates are subject to adjustments for inflation.

For the first three years of the agreement, CTGC had to implement certain investment and social programmes outlined in the agreement and had to commit Euro 13,6 million towards capital expenditure during that period. This included launching and investing Euro 6,5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees. All the relevant investment requirements already performed by Port of Adria at the end of 2016.

Port of Adria 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 at a specific condition, while the movable properties stay with Port of Adria.

Barcelona Cruise Port

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

Creuers del Port de Barcelona, S,A, ("Creuers") will be performing the management of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in Adossat Wharf in Barcelona for an operational period of 27 years. The port operation rights for Adossat Wharf (comprised of Terminals A and B) terminates in 2030. The Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession the concession period is considered to be 30 years.

Creuers is liable for the maintenance of Adossat Wharf Terminals A and B, as well as ensuring that port equipment is maintained in good repair and in operating condition throughout its concession period. For the detailed maintenance and investment requirements, explained in the concession agreement, replacement provision has provided in the financials of the Group on the note 27. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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

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

29 Commitments and contingencies *(continued)*

(c) ***Contractual obligations*** *(continued)*

Barcelona Cruise Port *(continued)*

Creuers will be performing the management of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in WTC Wharf in Barcelona for an operational period of 27 years. The port operation rights for the World Trade Centre Wharf (comprised of Terminals N and S) terminate in 2027. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals N and S together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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

Cruceros Málaga, S,A, obtained an administrative concession to occupy the Levante Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2038. The concession term can be extended for up to fifteen years, in two terms of 10 and 5 additional years (extending the total concession period to 45 years), due to an amendment to the Malaga Levante Agreement approved by the Malaga Port Authority in its resolution dated 28 October 2009. These extensions require (i) the approval by the Malaga Port Authority and (ii) Cruceros Malaga to comply with all of the obligations set forth in the concession. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the Levante Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

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

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

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

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

Valletta Cruise Port
On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46,197square metres ("sqm"). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The area transferred is used as follows: retail 6,854sqm, office 4,833sqm, terminal 21,145sqm and potential buildings 13,365sqm.

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

29 Commitments and contingencies *(continued)*

(c) ***Contractual obligations*** *(continued)*

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

A fixed rent is payable by RTP to the Port Authority in the sum of Euro 895,541,67 during the concession period. The repayment of the total amount is presented as Euro 3,000 for the year 2009, Euro 28,791,67 for the year 2010 and the remaining Euro 863,750 overall for the years 2011 to 2020.

Catania Cruise Terminal
On 18 October 2011, Catania Cruise Terminal SRL ("CCT") signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City centre. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of Euro 135,000,00 for each year during the concession period.

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

A fixed rent is payable by CCP to the Port Authority in the sum of Euro 44,315,74 for each year during the concession period.

(d) ***Leases***

Lease as lessee

Lease as lessee (IFRS 16)
The Group entered into various operating lease agreements. In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valletta Cruise Port until 2066, Port of Adria until 2043, Creuers until 2033, Cruceros until 2043, Zadar Cruise Port until 2039 and Bodrum Liman until 2067. Part of the concession agreements of Creuers and Cruceros relating to the occupancy of the public land at the port and the operation of public land for commercial activities, which are out of scope of IFRIC 12, have been accounted for under IFRS 16 – Leases.

Right of use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented separately.

2019 – Leases under IFRS 16	**As at 31 December 2019**
	(USD '000)
Balance at 1 January	60,413
Depreciation charge for the year	(1,969)
Currency translation differences	(1,079)
Derecognition of Right of Use assets *	(10,580)
Balance at 31 December	**46,785**

* Derecognition of the right-of-use assets during 2019 is as a result of change in discount rate.

29 Commitments and contingencies *(continued)*

(d) ***Leases*** *(continued)*

Amounts recognized in profit or loss

2019 – Leases under IFRS 16	**As at 31 December 2019 (USD '000)**
Interest on lease liabilities	(2,183)
Expenses relating to short-term leases	(75)
2018 – Operating leases under IAS 17	
Lease expense	(5,656)
Contingent rent expense	2,294

Amounts recognized in statement of cash flows

	As at 31 December 2019 (USD '000)
Total cash outflow for leases	(2,897)

Extension options

All concession agreements contain extension options exercisable by the Group. These options are exercisable with the submission of the extension request by the Group before expiry of current concession agreements. Extendable rights vary based on the country regulations, and current concession period. Extension options are evaluated by management on contract basis, and the decision is based on the Port's performance, and possible extension period. Extension options in concession agreements are being provided for the continuation of the port's operations. The extension options held are exercisable only by the Group and in some agreements subject to approval of the grantor. Accordingly, the Group includes only already signed contract periods for the concession life.
The Group has estimated that the potential future lease payments, should it exercise all extension options, would result in an increase in lease liability of USD 2,002 thousand.

Lease as lessor

The Group's main operating lease arrangements as lessor are a marina lease agreement of Ortadoğu Liman until 2028, and various shopping centre rent agreements of Ege Port, Bodrum Cruise Port, Valletta Cruise Port, Barcelona Cruise Port, Malaga Cruise Port and Zadar Cruise Port. All leases are classified as operating leases from a lessor perspective.

29 Commitments and contingencies *(continued)*

(d) ***Leases*** *(continued)*

Leases as lessor (continued)

The following table sets out a maturity analysis of lease receivables, showing the payments to be received after the reporting date. Under IAS 17, the Group did not have any finance leases as a lessor.

2019 – Leases under IFRS 16	**As at 31 December 2019**
	(USD '000)
Less than one year	3,008
One to two years	2,075
Two to three years	1,843
Three to four years	1,432
Four to five years	1,175
More than five years	5,036
Total	**14,569**
2018 – Operating leases under IAS 17	
Less than one year	5,141
Between one and five years	7,059
More than five years	4,019
Total	**16,219**

During the year ended 31 December 2019, USD 10,767 thousand (31 December 2018: USD 10,044 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

30 Service concession arrangement

i) Creuers

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

The intangible model is 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. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authorities of Barcelona and Creuers are 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 and B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.

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

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is recorded (Note 27).

30 Service concession arrangement *(continued)*

ii) Cruceros

The port operation rights, which belongs to Cruceros, recognised under intangible assets represents fixed asset elements built or acquired from third parties to adapt Maritime Station Levante and Maritime Station El Palmeral of Port of Malaga, 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 intangible model is 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 Cruceros are annually reviewed and approved by the Port Authority of Malaga. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Malaga and Cruceros are described below:

- Contract for transforming the authorisation to occupy and operate the "Terminal Marítima de Levante" signed for a 30-year period from its granting date, in February 2008.
- Contract to adjust the maritime station and install a mobile walkway in dock no, 2, and operation of the whole in the Port of Malaga signed for a 30-year period from its granting date, in December 2011.

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

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is recorded (Note 27).

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

31 Related parties

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

Related parties	Relationship
Mehmet Kutman	Shareholder of Parent Company
Ayşegül Bensel	Shareholder of Ultimate controlling party
Global Sigorta Aracılık Hizmetleri A,Ş, ("Global Sigorta")	Ultimate Controlling Party
IEG Kurumsal Finansal Danışmanlık A,Ş,	Ultimate Controlling's subsidiary
Global Menkul Değerler A,Ş, ("Global Menkul")	Ultimate Controlling's subsidiary
Adonia Shipping	Ultimate Controlling's subsidiary
Naturel Gaz	Ultimate Controlling's subsidiary
GPH Plc	Parent Company
Straton Meden Yatırımları ve İşletmeciliği A,Ş, ("Straton Maden")	Ultimate Controlling's subsidiary

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

Due from related parties

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

Current receivables from related parties	2019	2018
GPH PLC(*)	16,726	1,474
Global Yatırım Holding	512	447
Straton Maden (**)	67	73
Naturel Gaz (**)	--	72
Adonia Shipping (**)	59	67
IEG Global	56	57
Mehmet Kutman	1	17
Antigua	175	--
Nassau	128	--
Others	219	56
Total	**17,943**	**2,263**

(*)The Group paid advance dividend to GPH PLC.

(**) These amounts are related with the work advances paid related with the services taken on utilities by Group Companies. The charged interest rate is 11,75% as at 31 December 2019 (31 December 2018: 9,75%).

31 Related parties *(continued)*

Due to related parties

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

Current payables to related parties	2019	2018
GPH PLC	--	6,970
Global Sigorta (*)	527	309
Global Menkul (*)	1	1
Other	101	44
Total	**629**	**7,324**

(*) These amounts are related to professional services taken. The charged interest rate is 12,50% as at 31 December 2019 (31 December 2018: 19,50%).

Transactions with related parties:

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

	2019		2018	
	Rent Income	**Other**	**Interest Received**	**Other**
Global Yatırım Holding	--	110	251	--
Adonia Shipping	--	--	--	--
Global Menkul	--	--	197	--
Total	**--**	**110**	**448**	**--**

	2019		2018	
	Project Expenses	**Other**	**Interest Given**	**Other**
Global Yatırım Holding	173	138	--	--
Global Menkul	--	1	--	--
Total	**173**	**139**	**--**	**--**

Transactions with key management personnel

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

	2019	2018
Salaries	1,948	1,222
Bonus	70	895
Attendance fees to Board of Directors	361	810
Other	5	25
Total	**2,384**	**2,952**

32 Investment Property

See accounting policy in Note 3(l).

Reconciliation of carrying amount

	As at 31 December 2019 (USD '000)
Balance at 1 January	--
Recognition of right-of-use asset on initial application of IFRS 16	2,250
Depreciation charge for the year	(59)
Currency translation differences	(52)
Balance at 31 December	**2,139**

Investment property comprises Valletta Cruise Port's commercial property that is leased to third parties. Further information about these leases is included in Note 29.

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

33 Financial risk management

Overview

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

- Capital risk management,
- Credit risk,
- Liquidity risk,
- Market risk,

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

Financial risk management objectives

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

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

Capital risk management

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

The Group is not exposed to any externally imposed capital requirements. The total capital structure of the Group consists of net loans and borrowings (as detailed in Note 21 offset by cash and cash equivalents) and equity of the Group (comprising share capital, share premium, legal reserves and retained earnings (as detailed in Note 22).

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

	2019	**2018**
Gross debt	409,072	347,051
Cash and bank balances	(46,921)	(79,280)
Short term financial investments	(71)	(72)
Net debt	**362,080**	**267,699**
Equity	141,986	198,101
Net debt to Equity ratio	**2,55**	**1,35**

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

33 Financial risk management *(continued)*

Credit risk

Trade receivables and contract assets

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.

More than 85% of the Group's customers have been transacting with the Group for over four years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

At 31 December 2019, the exposure to credit risk for trade receivables and contract assets by Country was as follows;

	Carrying amount	
	2019	2018
Turkey	5,386	6,075
Spain	5,860	3,855
Montenegro	1,056	1,173
Malta	1,387	680
Crotia	94	--
Italy	1,177	1,130
	14,960	**12,913**

At 31 December 2019, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows;

	Carrying amount	
	2019	2018
Cruise Customers	9,921	7,064
Commercial customers	4,817	5,270
Others	222	579
	14,960	**12,913**

At 31 December 2019, the carrying amount of the Group's most significant customer (a European Commercial Line) was $1,842 thousand (2018: $1,621 thousand).

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

33 Financial risk management *(continued)*

***Credit risk** (continued)*

Expected credit loss assessment for customers as at 1 January and 31 December 2019

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise mainly globally well-known commercial and cruise lines, as well as international retail operators and local investors.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different groups based on the following common credit risk characteristics – scale of company, age of customer relationship and type of service provided.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2019.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current – not past due	0.5%	7,702	(70)	No
1 to 30 days overdue	1.0%	2,354	(23)	No
1 to 3 months overdue	3.3%	1,560	(51)	No
3 to 12 months overdue	13.4%	481	(64)	Yes
More than 12 months overdue	66,5%	2,863	(1,969)	Yes
Total		**14,960**	**(2,177)**	

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current – not past due	0.5%	5,332	(27)	No
1 to 30 days overdue	1.0%	1,809	(18)	No
1 to 3 months overdue	3.3%	603	(20)	No
3 to 12 months overdue	13.4%	355	(45)	No
More than 12 months overdue	35.1%	4,814	(1,691)	Yes
Total		**12,913**	**(1,800)**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

33 Financial risk management *(continued)*

Credit risk *(continued)*

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2019, the Group has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries (Note 24).

Liquidity risk

Liquidity risk management

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

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

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

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

33 Financial risk management *(continued)*

***Liquidity risk** (continued)*

Liquidity risk tables

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

As at 31 December 2019

CONTRACTUAL MATURITIES	**Carrying value**	**Total cash outflow due to contracts**	**0-3 months**	**3-12 months**	**1-5 years**	**>5 years**
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans and Eurobond	356,344	375,375	10,892	52,163	287,076	25,244
Finance lease liabilities	52,728	119,928	1,939	2,627	12,721	102,641
Other financial liabilities	2,767	2,767	--	456	2,311	--
Trade and other payables (*)	9,281	9,298	1,407	7,891	--	--
Due to related parties	629	760	23	737	--	--
DERIVATIVE FINANCIAL LIABILITIES						
Net settled:						
Interest rate swaps	485	515	--	226	289	--

(*) Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 5,645 thousand, payables to personnel USD 300 thousand, advanced received USD 654 thousand and deferred revenue USD 313 thousand, which are not financial liabilities and hence excluded from the tables above.

As at 31 December 2018

CONTRACTUAL MATURITIES	**Carrying value**	**Total cash outflow due to contracts**	**0-3 months**	**3-12 months**	**1-5 years**	**>5 years**
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans and Eurobond	345,141	412,337	3,362	48,150	341,046	19,779
Finance lease liabilities	1,910	1,944	358	989	597	--
Other financial liabilities (**)	3,410	3,482	--	--	3,482	--
Trade and other payables (*)	11,530	11,640	4,903	6,737	--	--
Due to related parties	7,324	7,328	7,282	46	--	--
DERIVATIVE FINANCIAL LIABILITIES						
Net settled:						
Interest rate swaps	617	666	--	--	666	--

(*) Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,404 thousand, payables to personnel USD 420 thousand, advanced received USD 879 thousand and deferred revenue USD 111 thousand, which are not financial liabilities and hence excluded from the tables above.

(**) Other financial liabilities are measured at fair value through profit or loss.

33 Financial risk management *(continued)*

Market risk *(continued)*

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk for all subsidiaries is monitored and managed by the Global Yatırım Holding's Treasury and Fund Management Department.

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

- currency risk
- interest rate risk

Currency risk

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

As of 31 December 2019, Ortadoğu Liman, Ege Port and Bodrum Cruise Port having functional currency of USD are exposed to currency risk on purchases that are denominated in TL (31 December 2018: Ege Port and Bodrum Cruise Port had functional currency of EUR. As at 1 January 2019, management changed tariffs of these two ports from EUR to USD, resulted a change in functional currency of these ports in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates"). As of Global Liman having a functional currency of TL is exposed to currency risk on borrowings that are denominated in USD.

As at 31 December 2019, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250,898 thousand (31 December 2018: USD 250,224 thousand). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 23,604 thousand after tax for the period ended 31 December 2019 (net loss of USD 59,630 thousand after tax for the period ended 31 December 2018). In the years ended 31 December 2018 and 2019, USD 17,552 thousand, USD 5,222 thousand respectively was recognised in profit or loss due to hedge ineffectiveness.

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

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

33 Financial risk management *(continued)*

***Market risk** (continued)*

Currency risk (continued)

As at 31 December 2019, foreign currency risk exposures of the Group comprised the following:

	As at 31 December 2019			
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	1,827	1,500	--	1,943
Non-current assets	**1,827**	**1,500**	**--**	**1,943**
Trade and other receivables	11,116	1,349	4,896	25,459
Due from related parties	29,797	5,164	14,337	50,978
Other current assets	4,048	3,045	26	5,784
Cash and cash equivalents	29,967	7,025	12,118	55,686
Current assets	**74,928**	**16,583**	**31,377**	**137,907**
Total assets	**76,755**	**18,083**	**31,377**	**139,850**
Loans and borrowings	58,752	41,288	12,620	19,811
Other liabilities	708	--	--	4,206
Non-current liabilities	**59,460**	**41,288**	**12,620**	**24,017**
Loans and borrowings	29,394	16,696	9,458	12,528
Trade payables	1,080	465	107	2,942
Due to related parties	639	442	75	669
Current tax liabilities	2,265	--	--	13,455
Provisions	2,017	1,641	--	2,231
Current liabilities	**35,395**	**19,244**	**9,640**	**31,825**
Total liabilities	**94,855**	**60,532**	**22,260**	**55,842**
Net foreign currency position	**(18,100)**	**(42,449)**	**9,117**	**84,008**

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

33 Financial risk management *(continued)*

***Market risk** (continued)*

Currency risk (continued)

As at 31 December 2018, foreign currency risk exposures of the Group comprised the following:

As at 31 December 2018				
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	1,609	1,500	--	575
Non-current assets	**1,609**	**1,500**	**--**	**575**
Trade and other receivables	10,788	4,967	4,958	709
Due from related parties	1,755	848	385	2,807
Other current assets	2,198	839	60	6,756
Cash and cash equivalents	44,885	10,628	24,863	30,322
Current assets	**59,626**	**17,282**	**30,266**	**40,594**
Total assets	**61,235**	**18,782**	**30,266**	**41,169**
Loans and borrowings	57,271	54,060	2,742	404
Other liabilities	1,495	--	--	7,865
Non-current liabilities	**58,766**	**54,060**	**2,742**	**8,269**
Loans and borrowings	16,790	4,225	10,966	--
Trade payables	1,309	390	51	4,521
Due to related parties	366	290	63	20
Current tax liabilities	1,954	--	--	10,282
Provisions	316	--	--	1,660
Current liabilities	**20,735**	**4,905**	**11,080**	**16,483**
Total liabilities	**79,501**	**58,965**	**13,822**	**24,752**
Net foreign currency position	**(18,266)**	**(40,183)**	**16,444**	**16,417**

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

Sensitivity Analysis

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2019 and 2018 would have increased equity or profit or loss, excluding tax effects, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Year ended 31 December 2019	**PROFIT / (LOSS)**	
	Increase	**Decrease**
A 10 percent (strengthening)/weakening of TL against USD:		
1- Net USD asset / (liability)	(424)	424
2- Hedged portion against USD risk (-)	--	--
3- Net effect of USD (1+2)	**(424)**	**424**
A 10 percent (strengthening)/weakening of TL against Euro:		
4- Net Euro asset/(liability)	102	(102)
5- Hedged portion against Euro risk(-)		
6- Net effect of Euro (4+5)	**102**	**(102)**
TOTAL (3+6)	**(322)**	**322**

(Amounts expressed in thousand USD 000’s (“USD’000”))

33 Financial risk management *(continued)*

***Market risk** (continued)*

Currency risk (continued)

Year ended 31 December 2018	PROFIT / (LOSS)	
	Increase	Decrease
A 10 percent (strengthening)/weakening of TL against USD:		
1- Net USD asset / (liability)	(402)	402
2- Hedged portion against USD risk (-)	--	--
3- Net effect of USD (1+2)	**(402)**	**402**
A 10 percent (strengthening)/weakening of TL against Euro:		
4- Net Euro asset/(liability)	193	(193)
5- Hedged portion against Euro risk(-)	--	--
6- Net effect of Euro (4+5)	**193**	**(193)**
TOTAL (3+6)	**209**	**(209)**

Interest rate risk

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

Interest rate exposure			
		As at 31 December 2019	**As at 31 December 2018**
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	17,814	27,217
	Amounts due from related parties	17,943	2,263
Financial liabilities	Loans and borrowings	(346,973)	(274,964)
	Other financial liabilities	(2,767)	(3,410)
		(313,983)	**(248,894)**
Effect of interest rate swap		(18,888)	(24,202)
		(332,871)	**(273,096)**
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(62,099)	(72,087)
Effect of interest rate swap (*)		18,888	24,202
		(43,211)	**(47,885)**

(*) 75% of total borrowing made on BPI is fixed from an interest rate of 0,97 against Euribor until end of the related borrowing (31 December 2023).

Floating rate loans with a principal amount of USD 18,888 thousand (31 December 2018: USD 24,202 thousand) have been designated in a cash flow hedge relationship.

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2019, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 432 (2018: higher by USD 478) and equity attributable to equity holders of the Group, excluding tax effects, would have been lower by USD 188 (2018: lower by USD 302).

33 Financial risk management *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

Interest rate swap contracts

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

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

Cash flow hedges

As at 31 December 2019

fixed rate contract	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	0,97	4,968	220
1 to 2 years	0,97	5,325	165
2 to 5 years	0,97	8,595	125
5 years +	--	--	--
	0,97	**18,888**	**510**

As at 31 December 2018

fixed rate contracts	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	0,97	4,872	228
1 to 2 years	0,97	5,084	176
2 to 5 years	0,97	14,246	213
5 years +	0,97	--	
	0,97	**24,202**	**617**

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is 0,97%. The Group will settle the difference between the fixed and floating interest rate on a net basis.

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

Interest rate risk sensitivity analysis

As at 31 December 2019, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 432 thousand (31 December 2018: higher by USD 478 thousand) and equity attributable to equity holders of the Group, excluding tax effects, would have been lower by USD 188 thousand (31 December 2018: lower by USD 302 thousand).

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

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

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

33 Financial risk management *(continued)*

Fair value measurements

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

Determination of the fair value of a financial instrument is based on market values when there are two counterparties willing to sell or buy, except under the conditions of events of default forced liquidation. The Group determines the fair values based on appropriate methods and market information and uses the following assumptions: the fair values of cash and cash equivalents, other monetary assets, which are short term, trade receivables and payables and long term foreign currency loans and borrowings with variable interest rates and negligible credit risk change due to borrowings close to year end are expected to approximate to the carrying amounts.

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

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

	Note	As at 31 December 2019	As at 31 December 2018
Financial assets		**Carrying Amount**	**Carrying Amount**
Loans and receivables	15, 18, 19, 30	27,614	24,378

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

	Note	As at 31 December 2019		As at 31 December 2018	
Financial assets		**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Other financial assets		71	71	--	--
Financial liabilities					
Loans and borrowings	24	409,072	402,903	347,051	336,338

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

33 Financial risk management *(continued)*

Fair value measurements *(continued)*

Other loans have been included in Level 2 of the fair value hierarchy as they have been valued using quotes available for similar liabilities in the active market. The valuation technique and inputs used to determine the fair value of the loans and borrowings is based on discounted future cash flows and discount rates.

The Groups Eurobond liability has been included in level 1 of the fair value hierarchy as it has been valued using quotes available on its quoted market.

The fair value of loans and borrowings has been determined in accordance with the most significant inputs being discounted cash flow analysis and discount rates.

Financial instruments at fair value

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

		Level 1	Level 2	Level 3	Total
As at 31 December 2019	Other financial assets				
	Derivative financial liabilities				
As at 31 December 2018	Derivative financial liabilities	--	617	--	617

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

Reconciliation of liabilities arising from financing activities

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

34 Events after the reporting date

Creuers Del Port de Barcelona SA ("Creuers"), 62% subsidiary of the Group, has completed the purchase of Autoridad Portuaria de Malaga's (Malaga Port Authority) 20,0% holding in the Malaga cruise port concession for €1,5m. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH's effective ownership to 62% from 49,6%.

As one of the potential options of the Group strategic review, which remains ongoing, and following a competitive sales process conducted in H2 2019, the Group has entered into exclusive negotiations with a potential buyer for commercial interests at Port Akdeniz. As at both the reporting date and the date of approval of these financial statements it would be premature to speculate on a timeframe or terms of a possible sale or, indeed whether a transaction concludes. As such, Port Akdeniz did not meet the criteria of non-current assets held for sale as at 31 December 2019.

In Q1 2020 the emergence of the Covid-19 virus in China and then its spread around the world, led to an unprecedented level of disruption to global trade and the cruise industry. While this is a non-adjusting event as per IAS 10, the balances that would have been significantly affected by this event are the port operation rights and right of use assets. Management keeps monitoring the outbreak of the virus and is continuously performing a full assessment of the impact on the Group's commercial and cruise ports. Please refer to the Going Concern in note 3 (f).