Global Liman İşletmeleri Anonim Şirketi
and its Subsidiaries

Condensed Consolidated Interim
Financial Information
As at and for the Six Months Ended
30 June 2019
With Independent Auditors' Review Report

This report includes 2 pages of independent auditors' review report and 34 pages of condensed consolidated interim financial information together with their explanatory notes.

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors of Global Liman İşletmeleri A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Global Liman İşletmeleri A.Ş. ("the Company") and its subsidiaries (together "the Group") as at 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six months period ended 30 June 2019 are not prepared, in all material respects, in accordance with IFRS including the requirements of IAS 34, 'Interim Financial Reporting'.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative

Ruşen Fikret Selamet
Partner
19 August 2019
Istanbul, Turkey

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2019
(Amounts expressed in USD 000's ("USD'000"))

	Notes	1 January-30 June 2019	1 January-30 June 2018
Revenue	*4*	54,609	56,556
Cost of sales	*4*	(38,593)	(37,789)
Gross profit		**16,016**	**18,767**
Other income		1,131	2,802
Selling and marketing expenses		(1,543)	(920)
Administrative expenses	*7*	(5,770)	(6,601)
Other expenses	*5*	(3,694)	(4,974)
Operating profit		**6,140**	**9,074**
Finance income	*8*	9,811	10,353
Finance costs	*8*	(28,768)	(22,350)
Net finance costs		**(18,957)**	**(11,997)**
Share of profit of equity-accounted investees		3,320	2,730
Loss before tax		**(9,497)**	**(193)**
Income tax expense	*6*	(1,931)	(1,527)
Loss for the period		**(11,428)**	**(1,720)**
Loss attributable to:			
Owners of the Company		(11,985)	(1,871)
Non-controlling interests		557	151
		(11,428)	**(1,720)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		(5)	12
Income tax relating to items that will not be reclassified subsequently to profit or loss		--	(3)
		(5)	**9**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		17,227	26,300
Cash flow hedges – effective portion of changes in fair value		77	(17)
Cash flow hedges – realized amounts transferred to income statement		(118)	53
Loss on a hedge of a net investment		(18,184)	(37,342)
		(998)	**(11,006)**
Other comprehensive income / (loss) for the period, net of income tax		**(1,003)**	**(10,997)**
Total comprehensive income / (loss) for the period		**(12,431)**	**(12,717)**
Total comprehensive income / (loss) attributable to:			
Owners of the Company		(12,527)	(9,887)
Non-controlling interests		96	(2,830)
		(12,431)	**(12,717)**
Basic and diluted earnings / (loss) per share (cents per share)	*15*	**(16.12)**	**(2.52)**

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2019
(Amounts expressed in USD 000's ("USD'000"))

	Notes	**As at 30 June 2019**	**As at 31 December 2018**
Non-current assets			
Property and equipment	*9*	128,117	129,312
Intangible assets	*10*	374,759	392,361
Right-of-use assets		58,941	--
Goodwill		13,485	13,485
Equity-accounted investees		26,524	26,003
Other investments		4	4
Deferred tax assets		2,635	3,066
Other non-current assets		4,591	4,626
		609,056	**568,857**
Current assets			
Trade and other receivables		42,767	19,987
Due from related parties	*18*	4,730	2,263
Other investments		72	72
Other current assets		3,786	2,937
Inventory		1,468	1,454
Prepaid taxes		24	1,363
Cash and cash equivalents	*11*	58,780	79,280
		111,627	**107,356**
Total assets		**720,683**	**676,213**
Non-current Liabilities			
Loans and borrowings	*13*	351,124	298,296
Other financial liabilities		2,091	3,409
Derivative financial liabilities	*17*	669	617
Deferred tax liabilities		89,582	92,294
Provisions	*14*	7,388	8,862
Employee benefits		834	797
		451,688	**404,275**
Current liabilities			
Loans and borrowings	*13*	58,098	48,755
Trade and other payables		15,294	14,344
Due to related parties	*18*	6,899	7,324
Current tax liabilities		2,911	2,459
Provisions	*14*	1,974	955
		85,176	**73,837**
Total liabilities		**536,864**	**478,112**
Net assets		**183,819**	**198,101**
Equity			
Share capital	*12*	33,836	33,836
Share premium account		54,539	54,539
Legal reserves	*12*	13,038	13,030
Hedging and translation reserves		1,966	2,519
Retained earnings		(8,849)	3,133
Equity attributable to equity holders of the Company		**94,530**	**107,057**
Non-controlling interests		**89,289**	**91,044**
Total equity		**183,819**	**198,101**

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2019

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

	Note	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		33,836	54,539	13,030	(195,393)	197,912	3,133	107,057	91,044	198,101
Adjustment on initial application of IFRS 16 (net of tax) (*)		--	--	--	--	--	--	--	--	--
Adjusted balance at 1 January 2019		33,836	54,539	13,030	(195,393)	197,912	3,133	107,057	91,044	198,101
Total comprehensive income										
Loss for the period		--	--	--	--	--	(11,985)	(11,985)	557	(11,428)
Other comprehensive income		--	--	--	(18,225)	17,672	11	(542)	(461)	(1,003)
Total comprehensive income for the period		--	--	--	(18,225)	17,672	(11,974)	(12,527)	96	(12,431)
Contributions and distributions		--	--	--	--	--	--	--	--	--
Transfer to legal reserves		--	--	8	--	--	(8)	--	--	--
Dividends		--	--	--	--	--	--	--	(1,851)	(1,851)
Total contributions and distributions		--	--	8	--	--	(8)	--	(1,851)	(1,851)
Total transactions with owners of the Company		--	--	8	(18,225)	17,672	(11,982)	(12,527)	(1,755)	(14,282)
Balance at 30 June 2019		33,836	54,539	13,038	(213,618)	215,584	(8,849)	94,530	89,289	183,819

(*) The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 2.

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 30 June 2019
(Amounts expressed in USD 000's ("USD'000"))

	Note	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2018		33,836	54,539	13,012	(135,763)	150,626	1,957	118,207	92,895	211,102
Total comprehensive income										
Loss for the period		--	--	--	--	--	(1,871)	(1,871)	151	(1,720)
Other comprehensive income		--	--	--	(37,306)	29,281	9	(8,016)	(2,981)	(10,997)
Total comprehensive income for the period		--	--	--	(37,306)	29,281	(1,862)	(9,887)	(2,830)	(12,717)
Contributions and distributions										
Transfer to legal reserves		--	--	18	--	--	(18)	--	--	--
Dividends	12	--	--	--	--	--	--	--	(664)	(664)
Total contributions and distributions		--	--	18	--	--	(18)	--	(664)	(664)
Total transactions with owners of the Company		--	--	18	(37,306)	29,281	(1,880)	(9,887)	(3,494)	(13,381)
Balance at 30 June 2018		33,836	54,539	13,030	(173,069)	179,907	77	108,320	89,401	197,721

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2019

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

	Notes	**Six months period ended 30 June 2019**	**Six months period ended 30 June 2018**
Cash flows from operating activities			
Loss for the period		(11,428)	(1,720)
Adjustments for			
Depreciation of PPE and RoU assets and amortization expense	*9, 10*	23,195	22,581
Share of profit of equity-accounted investees, net of tax		(3,320)	(2,730)
Gain on disposal of property and equipment		(17)	--
Finance costs (excluding foreign exchange differences)	*8*	14,997	12,861
Finance income (excluding foreign exchange differences)	*8*	(156)	(728)
Income tax expense	*6*	1,931	1,527
Employment termination indemnity reserve		72	99
Reversal of provision		1,316	147
Foreign exchange differences on finance costs and income, net	*8*	4,117	(137)
Operating cash flow before changes in operating assets and liabilities		**30,707**	**31,900**
Changes in:			
- trade and other receivables		(22,780)	(1,040)
- other current assets		556	1,839
- related party receivables		(2,468)	--
- other non-current assets		127	44
- trade and other payables		(1,635)	(1,552)
- related party payables		(426)	(187)
- provisions		(1,821)	(244)
Cash generated by operations before benefit and tax payments		**2,260**	**30,760**
Employee benefits paid		(21)	(58)
Income taxes paid		(3,137)	(2,737)
Net cash (used in) / from operating activities		**(898)**	**27,965**
Investing activities			
Acquisition of property and equipment	*9*	(5,589)	(5,063)
Advances given for tangible assets		(172)	(125)
Acquisition of intangible assets	*9*	(69)	(151)
Proceeds from sale of property and equipment		22	--
Dividends from equity accounted investees		2,849	13,973
Interest received		140	404
Net cash (used in) / from investing activities		**(2,819)**	**9,038**
Financing activities			
Change in due from related parties		--	(1,042)
Changes in due to related parties		--	4,316
Dividends paid		(538)	(664)
Interest paid		(12,558)	(11,665)
Proceeds from borrowings		19,250	34,770
Repayments of borrowings		(15,544)	(24,741)
Net cash (used in) / from financing activities		**(9,390)**	**974**
Net (decrease) / increase in cash and cash equivalents		**(13,107)**	**37,977**
Effect of foreign exchange rate changes on cash and cash equivalents		(7,393)	(1,523)
Cash and cash equivalents at the beginning of the year		79,280	48,308
Cash and cash equivalents at the end of the period	*11*	**58,780**	**84,762**

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

Notes to the condensed consolidated interim financial information

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

1 General Information

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

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

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

As at 30 June 2019 and 31 December 2018, all shares are owned by Global Ports Plc.

As at 30 June 2019, the number of employees of the Group was 651 (31 December 2018: 646). The address of the registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / Istanbul".

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

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 Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Liman")	Muğla-Turkey	Port operations
Container Terminal and General Cargo – Bar ("Port of Adria")	Montenegro	Port operations
Barcelona Port Investments, S.L ("BPI")	Spain	Port investments
Creuers del Port de Barcelona, S.A. ("Creuers")	Spain	Port operations
Cruceros Malaga, S.A. ("Malaga Port")	Spain	Port operations
Global Ports 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 Terminali Passegeri Srl ("Ravenna")	Italy	Port operations
Catania Terminali Passegeri Srl ("Catania")	Italy	Port operations
Cagliari Terminali Passegeri 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 ve Liman İşletmeleri A.Ş. ("Global Gemicilik")	İstanbul-Turkey	Port agency
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa")	Antalya-Turkey	Marine vehicle trade

The major operating entities of the Group are disclosed below:

Ege Liman

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organization Inc. (Türkiye Denizcilik İşletmeleri A.Ş.) ("TDI") until its privatization in 2003. On 2 July 2003, Ege Liman entered into a transfer of operational rights agreement ("TOORA") for Kuşadası Cruise Port for a period of 30 years with the Privatization Administration (Özelleştirme İdaresi Başkanlığı) ("OIB") and TDI. The TOORA will end in 2033.

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 privatization in 1998. Operational rights for Antalya Port were taken over for a period of 30 years by Ortadoğu Liman in August 1998. In 2001, due to the difficulties in the other commercial activities of the former shareholders of Ortadoğu Liman, Savings Deposit Insurance Fund ("SDIF") confiscated the company.

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

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

Bodrum Liman

Bodrum Cruise Port was tendered by the State Railways, Ports and Airports Construction Company (Demiryolları, Limanlar ve Havayolları) ("DLH") in September 2003 through a 12-year Build-Operate-Transfer ("BOT") tender agreement, which commenced in December 2007. The BOT agreement period 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. The 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 Bar and the right to acquire 62.09% of the shares in Port of Bar from the Montenegro Government through Container Terminal and General Cargo JSC-Bar, which has an operating concession for thirty years (terminating in 2043). Global Liman finalized a share purchase agreement with the Montenegro Government on 15 November 2013 and it was approved by the tender commission, the Montenegro Privatization and Capital Investments Authority and the Montenegro Council of Ministers. The shares were transferred to the Group on 30 December 2013.

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

BPI and Creuers

The Group acquired 43% and 57% interests in Creuers on 30 December 2013 and 30 September 2014, respectively through Barcelona Port Investments, S.L ("BPI") which is a special purpose joint venture between the Global Liman and Royal Caribbean Cruises Ltd. Creuers has the concession rights of Adossat and World Trade Center wharfs in Barcelona Cruise Port with 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore 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 2038, respectively.

1 General Information *(continued)*

Global BV, Perquisite, GP Malta and VCP

Global BV was established in Netherlands for the investments made through European Ports. As of 15 November 2015, Global BV acquired 55.60% of VCP shares through Holding Companies of GP Malta and Perquisite. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The company is also responsible for the handling of international cruise and ferry passengers. For this purpose the company was granted a licence by the Malta Maritime Authority. The concession will end in 2067.

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

POH was established in Italy for the investments made through Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares. Share purchases are performed from two different former shareholders, one by direct share purchase and another by purchase of a dormant Company, based in Cyprus ("RCI Cyprus"). 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.

Zadar International Port Operations

ZIPO was established 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 Depolama

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

2 Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2018. This condensed consolidated interim financial information does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Going concern

The Group operates 14 ports in 8 different countries and is focusing on increasing its number of ports in different geographical locations to support its operations and diversify economic and political risks. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

2 Basis of preparation *(continued)*

(b) Going concern *(continued)*

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

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 13.

(c) Use of estimates and judgments

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

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 2(d)(i).

(d) Change in / new accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

i. IFRS 16

The Group has initially adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has 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 has not been 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.

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. 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.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It 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. 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.

2 Basis of preparation *(continued)*

(d) Change in / new accounting policies *(continued)*

i. ***IFRS 16** (continued)*

As a lessee

The Group leases a variety of assets, principally land, building and cars.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

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

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.

In thousands of USD	**Right of Use**
Balance at 1 January 2019	60,413
Balance at 30 June 2019	58,941

The Group presents lease liabilities in loans and borrowings in the statement of financial position.

Significant accounting policies

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, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

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 its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

2 Basis of preparation *(continued)*

(d) Change in / new accounting policies *(continued)*

i. *IFRS 16 (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.

In thousands of USD	**1 January 2019**
Right of use assets	60,413
Lease liabilities	61,508
Prepayments	328
Accruals	(1,423)

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 4.5%.

In thousands of USD	**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**

Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include land and buildings. The leases run for the period of the signed concession agreement. Some concession agreements include clauses and regulations to renew the lease for an additional period after the end of the non-cancellable period.

Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group'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 leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used current lease term either the contract contains options to extend or terminate the lease.

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. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

2 Basis of preparation *(continued)*

(d) Change in / new accounting policies*(continued)*

i. *IFRS 16 (continued)*

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised USD 58,941 thousand of right-of-use assets and USD 60,221 thousand of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of port rent and operating lease expenses. During the six months period ended 30 June 2019, the Group recognised USD 1,063 thousand of depreciation charges and USD 1,047 thousand of interest costs from these leases.

For the impact of IFRS 16 on segment information and EBITDA, see Note 3.

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 13.

ii. *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.

The following standards are effective:

- 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)

Earlier application is permitted.

iii. *Standards issued but not yet effective*

The following standards are in issue but not yet adopted by the Group:

- Amendments to References to Conceptual Framework in IFRS Standards, 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

The Group is currently evaluating the impact of adopting these new accounting standards. Management is expecting the adoption of the amendments has had no major impact on the Group's consolidated financial position or performance of the Group. Further analysis will be included on the consolidated financial statements as at and for the year ended 31 December 2019.

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

2 Basis of preparation *(continued)*

(e) Functional and presentation currency

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

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

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

Euro is significantly used in the operations of the Port of Adria, VCP, Malaga Port, Global BV, BPI, Creuers, Italy and Zadar. 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".

30 June 2019 and 31 December 2018, foreign currency exchange rates of the Central Bank of the Turkish Republic comprised were as follows:

	30 June 2019	31 December 2018
TL/USD	0.1738	0.1901
Euro/USD	1.1382	1.1458

For the six months ended 30 June, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2019	2018
TL/USD	0.1783	0.2450
Euro/USD	1.1297	1.2093

3 Segment reporting

(i) Basis for segmentation

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.

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.

3) Segment reporting *(continued)*

(i) Basis for segmentation (continued)

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 GPH cruise port network ("Adjusted EBITDA" or "Segmental EBITDA"). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

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

The Group's reportable segments under IFRS 8 are BPI, VCP, Ege Liman, Ortadoğu Liman (Commercial port operations) and Port of Adria (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 Cruise segment.

Global Depolama does not generate revenues from external customers and therefore is presented as Non-operational and HQ segment to reconcile to the consolidated historical financial information results.

Global Liman is presented as Non-operational and HQ segment 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.

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 58,941 thousand of right-of-use assets and USD 60,221 thousand of liabilities from those lease contracts. The assets and liabilities are included in BPI, VCP, Other Cruise Ports, Ortadoğu Liman and Port of Adria segments as at 30 June 2019. The Group recognises depreciation and interest costs, instead of operating lease expense (see Note 2). During the six months period ended 30 June 2019, in relation to those leases, the Group recognised USD 1,063 thousand of depreciation charges and USD 1,047 thousand of additional interest costs from leases.

3 Segment reporting *(continued)*

(ii) *Information about reportable segments*

As at and for the six months period ended 30 June 2019, the details of reportable segments comprised the following:

	BPI	Valletta	Ege Ports	Other Cruise	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
Segment assets	162.789	129.149	45.691	15.963	*353.592*	227.440	75,402	*302,842*	37.725	694,159
- *Right-of-use assets*	12,341	33.668	--	4.658	*50.667*	84	8,190	*8,274*	--	*58.941*
Equity accounted investees	--	--	--	26,524	*26,524*	--	--	--	--	26,524
Segment liabilities	74.241	71,014	11,573	12.186	*169,014*	59.312	38.788	*98,100*	269,750	536.864
- *Lease liabilities recognized under IFRS 16*	12,248	33,858	--	4,730	*50,836*	--	9,385	*9,385*	--	*60,221*
Capital expenditures	948	826	36	102	*1,912*	2,608	1,108	*3,716*	31	5,659
	BPI	**Valletta**	**Ege Ports**	**Other Cruise**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
External revenues	12.500	6.249	2.299	2.809	23.857	26.277	4.475	30.752	--	54.609
EBITDA	7.719	3.721	1.358	4,026	*16,824*	20.690	1,568	*22,258*	(2,433)	*36,649*
- *IFRS 16 impact on EBITDA*	613	296	--	270	*1179*	34	216	*250*	--	*1,429*
Depreciation and amortization expense	(5,873)	(1.613)	(1.427)	(1.746)	*(10,659)*	(10.882)	(1,607)	*(12,489)*	(47)	(23,195)
- *Depreciation of right of use assets recognised under IFRS 16*	(372)	(352)	--	(110)	*(834)*	(34)	(195)	*(229)*	--	*(1,063)*
Non-recurring income/(expense)	(2)	2	--	15	*15*	(277)	(248)	*(525)*	(2,064)	(2,574)
Non-cash income/(expenses)	(256)	116	(207)	121	*(226)*	(1,149)	(4)	*(1,153)*	(41)	(1,420)
Operating profit	1.588	2.227	(276)	(905)	*2,634*	8.382	(292)	*8,090*	(4,584)	6.140
Share of profit of equity-accounted investees	--	--	--	3,320	3,320	--	--	--	--	3,320
Interest income	--	--	332	2	*334*	1.272	5	*1,277*	3,095	4.706
Interest expense	(937)	(825)	(715)	(913)	(3.390)	(3,047)	(630)	(3,677)	(11,925)	*(18,992)*

The Group has initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 2). As a result, the Group recognised USD 58,941 thousand of right-of-use assets and USD 60,221 thousand of liabilities from those lease contracts. The assets and liabilities are included in BPI, Valletta, Other Cruise Ports and Port of Adria segments as at 30 June 2019.

The Group recognises depreciation and interest costs, instead of operating lease expense (see Note 3b). During the six months ended 30 June 2019, in relation to those leases, the Group recognised USD 1,063 thousand of depreciation charges and USD 1,047 of additional interest costs from leases.

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

3 Segment reporting *(continued)*

(ii) ***Information about reportable segments*** *(continued)*

As at 31 December 2018 statement of financial position details and for the six months period ended 30 June 2018 profit or loss details of reportable segments comprised the following:

	BPI	Valletta	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
Segment assets	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	**Valletta**	**Ege Ports**	**Others**	***Cruise Total***	**Port Akdeniz**	**Port of Adria**	***Total Commercial***	**Non-operational & HQ**	***Consolidated***
External revenues	13,348	5,677	1,737	1,625	*22,387*	27,997	6,172	*34,169*	--	*56,556*
EBITDA	8,017	2,544	946	3,213	*14,720*	23,145	2,460	*25,605*	(1,915)	*38,420*
Depreciation and amortization expense	(5,826)	(1,326)	(1,581)	(1,760)	*(10,493)*	(10,517)	(1,472)	*(11,989)*	(99)	*(22,581)*
Non-recurring income/(expense)	(66)	68	232	(70)	*164*	(25)	(42)	*(67)*	(3,714)	*(3,617)*
Non-cash income/(expenses)	--	(84)	(29)	3	*(110)*	(84)	(224)	*(308)*	--	*(418)*
Operating profit	2,125	1,202	(432)	(1,343)	*1,552*	12,519	722	*13,241*	(5,721)	*9,073*
Share of profit of equity-accounted investees	--	--	--	2,730	*2,730*	--	--	--	--	*2,730*
Interest income	--	--	669	--	*669*	2,068	18	*2,086*	9,279	*12,034*
Interest expense	(1,152)	(153)	(2,152)	(72)	*(3,530)*	(6,992)	(501)	*(7,492)*	(12,703)	*(23,726)*

The Group used the modified retrospective approach when initially applying IFRS 16. Under this approach, comparative information is not restated (see Note 2).

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

3 Segment reporting *(continued)*

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

For the six months ended 30 June, the details of reportable segments comprised the following:

	Note	2019	2018
Revenues			
Total revenue for reportable segments	*4*	54,609	56,556
Total external revenues		**54,609**	**56,556**
Consolidated EBITDA		36,649	38,420
Non-recurring income / (expense)		(2,574)	(3,617)
Non-cash income / (expense)		(1,420)	(418)
Finance income	*8*	9,811	10,353
Finance costs	*8*	(28,768)	(22,350)
Depreciation and amortization		(23,195)	(22,581)
Total loss before income tax		**(9,497)**	**(193)**
Interest income			
Total interest income for reportable segments		4,706	12,034
Elimination of inter-segments		(4,551)	(11,321)
Consolidated interest income	*8*	**155**	**713**
Interest expense			
Total interest expense for reportable segments		18,992	(23,726)
Elimination of inter-segments		(4,551)	11,321
Consolidated interest expense	*8*	**(14,441)**	**(12,405)**

(iv) Geographic information

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

Revenue

	30 June 2019	30 June 2018
Turkey	29,860	30,276
Spain	12,500	13,348
Malta	6,249	5,677
Montenegro	4,475	6,171
Italy	1,514	1,084
Croatia	11	--
	54,609	**56,556**

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

3 Segment reporting *(continued)*

(iv) *Geographic information (continued)*

Non-current assets

	As at 30 June 2019	As at 31 December 2018
Turkey	234,027	243,224
Spain	136,591	129,695
Malta	127,308	94,703
Montenegro	72,512	65,202
Italy	6,412	6,962
Croatia	3,063	--
Unallocated	29,143	29,071
	609,056	**568,857**

Non-current assets relating to deferred tax assets and financial instruments (including equity-accounted investees) are presented as unallocated. Non-current assets as at 30 June 2019 include the right of use assets recognised under IFRS 16.

(v) *Information about major customers*

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

4 Revenue and cost of sales

Revenue

For the six months ended 30 June, revenue comprised the following:

	BPI		VCP		EP		other cruise ports		Total Cruise		Port Akdeniz		Port of Adria		Total Commercial		Total 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	--	--	--	--	--	--	--	--	--	--	14,930	18,948	2,757	2,770	17,687	21,718	17,687	21,718
Landing fees	10,889	11,324	2,510	2,150	784	298	1,160	1,076	15,343	14,848		--		--	--	--	15,343	14,848
Port service revenue	753	772	483	377	757	844	181	191	2,174	2,184	8,448	3,202	104	142	8,552	3,344	10,726	5,528
Cargo revenue	--	--	--	--	--	--	--	--	--	--	2,151	4,749	1,055	2,602	3,206	7,351	3,206	7,351
Domestic water sales	164	342	--	--	20	44	4	11	188	397	19	23	9	7	28	30	216	427
Income from duty free operations	--	--	1,875	1,776	--	--	--	--	1,875	1,776	--	--	--	--	--	--	1,875	1,776
Other revenue	104	--	153	--	235	86	435	42	927	128	382	512	222	--	604	512	1,531	640
Over time																		
Rental income	590	910	1,228	1,373	503	464	230	375	2,551	3,122	347	502	314	644	661	1,146	3,212	4,268
Habana Management fee	--	--	--	--	--	--	813	--	813	--	--	--	--	--	--	--	813	--
Total	**12,500**	**13,348**	**6,249**	**5,676**	**2,299**	**1,736**	**2,823**	**1,695**	**23,871**	**22,455**	**26,277**	**27,936**	**4,461**	**6,165**	**30,738**	**34,101**	**54,609**	**56,556**

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

Revenue	Period ended 30 June 2019	Year ended 31 December 2018
Receivables, which are included in 'trade and other receivables'	19,716	12,116
Contract assets	3,085	797
Contract liabilities	(472)	(879)
	22,329	**12,034**

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 have provided to customers and billed, which was based on the nature of the business less than one-week period.

The amount of USD 879 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 30 June 2019 (30 June 2018: USD 1,001 thousand).

The amount of revenue recognised in the period ended 30 June 2019 from performance obligations satisfied (or partially satisfied) in previous periods is USD 797 thousand (30 June 2018: USD 114 thousand). This is mainly due to the nature of operations.

No information is provided about remaining performance obligations at 30 June 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"))

4 Revenue and cost of sales *(continued)*

Seasonality of operations

Generally, the number of cruise calls is lower during the winter months of December to February than at other times of the year, although this seasonality is more pronounced in the cruise segment as compared to the commercial segment. The third quarter is the busiest for cruise port calls in Mediterranean, Creuers (Barcelona) and Cruceros (Malaga) ports usually see less seasonality in terms of the number of calls than the Turkish ports in the Group's portfolio with the increasing popularity of winter cruises in Mediterranean and considering locations.

Cost of sales

For the six months ended 30 June, cost of sales comprised the following:

	2019	2018
Depreciation and amortization expenses	22,200	20,993
Personnel expenses	6,778	7,108
Security expenses	1,330	1,146
Cost of inventories sold	1,313	1,077
Subcontractor crane and container service	964	1,523
Repair and maintenance expenses	939	1,005
Commission fees to government authorities and pilotage expenses	886	1,127
Other expenses	4,183	3,810
Total	**38,593**	**37,789**

5 Other expenses

For the six months ended 30 June, other expenses comprised the following:

	2019	2018
Project expenses (*)	2,062	3,335
Other	1,632	1,639
Total	**3,694**	**4,974**

(*) The project expenses are mainly the expenses incurred in relation to the projects for new acquisitions and financing of these new projects.

6 Taxation on income

Income tax expense is recognised based on management's estimate of the average annual effective income tax rate for each relevant taxing jurisdiction and applied individually to the interim period pre-tax income of each jurisdiction.

	Six months ended 30 June 2019	Six months ended 30 June 2018
Current income taxes	(4,240)	(3,724)
Deferred income taxes	2,309	2,197
Total	**(1,931)**	**(1,527)**

The movement of net deferred tax liability for the six months ended 30 June, is as follows:

	2019	2018
Balance at 1 January	**(89,228)**	**(98,184)**
Deferred tax benefit in profit or loss	2,309	2,197
Currency translation difference	(28)	1,175
Balance as at 30 June	**(86,947)**	**(94,812)**

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

7 Administrative expenses

For the six months ended 30 June, administrative expenses comprised the following:

	2019	2018
Personnel expenses	2,281	2,277
Depreciation and amortization expenses	995	1,588
Consultancy expenses	758	839
Taxes other than on income	307	335
Travelling expenses	279	154
IT expenses	156	127
Vehicle expenses	122	93
Representation expenses	119	117
Communication expenses	97	153
Repair and maintenance expenses	78	14
Office operating expenses	70	42
Stationary expenses	28	50
Rent expenses	9	38
Other expenses	471	774
Total	**5,770**	**6,601**

8 Finance income and costs

For the six months ended 30 June, finance income comprised the following:

Finance income	2019	2018
Foreign exchange gain	9,656	9,625
Interest income on banks and others	150	12
Interest income from housing loans	5	--
Interest income on marketable securities (*)	--	404
Interest income on related parties	--	297
Others	--	15
Total	**9,811**	**10,353**

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

For the six months ended 30 June, finance costs comprised the following:

Finance costs	2019	2018
Interest expense on loans and borrowings	14,441	12,243
Foreign exchange losses	13,771	9,489
Unwinding of provisions during the year	130	149
Letter of guarantee commission expenses	118	120
Loan commission expenses	52	34
Other interest expenses	--	162
Other	256	153
Total	**28,768**	**22,350**

9 Property and equipment

For the six months ended 30 June, movements of property and equipment comprised the following:

	2019	2018
Net book value as at 1 January	129,312	134,664
Additions	5,589	5,063
Currency translation differences	(514)	(2,478)
Depreciation	(6,270)	(6,183)
Net book value as at 30 June	**128,117**	**131,066**

As at 30 June 2019, the net book value of machinery and equipment purchased through leasing amounts to USD 1,885 thousand (31 December 2018: USD 1,689 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 7,492 thousand (31 December 2018: USD 7,991 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 22 thousand (31 December 2018: USD 45 thousand). In 2019, and 2018, no capital expenditure was made through finance leases.

For the six months period ended 30 June 2019 and year ended 31 December 2018, there is no capitalized borrowing cost on property and equipment.

As at 30 June 2019, the insured amount of property and equipment amounts to USD 323,782 thousand (31 December 2018: USD 326,671 thousand).

10 Intangible assets

For the six months ended 30 June, movements of intangible assets comprised the following:

	2019	2018
Net book value as at 1 January	392,361	433,075
Additions	69	151
Disposals	(314)	--
Currency translation differences	(1,494)	(6,792)
Amortization	(15,863)	(16,398)
Net book value as at 30 June	**374,759**	**410,036**

The details of the principal port operation rights for the six months ended 30 June 2019, year ended 31 December 2018 and three months ended 30 June 2018 are as follows:

	As at 30 June 2019		**As at 31 December 2018**		**As at 30 June 2018**	
USD '000	**Carrying Amount**	**Remaining Amortisation Period**	**Carrying Amount**	**Remaining Amortisation Period**	**Carrying Amount**	**Remaining Amortisation Period**
Port Akdeniz	152,481	110 months	160,798	116 months	169,116	122 months
Barcelona Ports Investment	118,862	132 months	124,951	138 months	132,331	144 months
Valletta Cruise Port	62,984	569 months	64,072	575 months	65,776	581 months
Port of Adria	20,366	294 months	20,919	300 months	21,679	306 months
Ege Port	11,659	165 months	12,079	171 months	12,696	177 months
Cagliari Cruise Port	2,398	90 months	2,889	96 months	3,119	102 months
Catania Cruise Port	2,347	102 months	2,514	108 months	2,651	114 months
Bodrum Cruise Port	2,305	585 months	2,446	591 months	556	9 months
Ravenna Cruise Port	164	18 months	220	24 months	351	30 months
	373,566		**390,888**		**408,275**	

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

10 Intangible assets *(continued)*

All port operating rights has arisen as a result of IFRS 3 Business combinations, except Barcelona Port Investments and Port Operation Holding, which arose as a result of applying IFRIC 12. Each port represent a separate CGU as per IAS 36.

11 Cash and cash equivalents

As at 30 June 2019 and 31 December 2018, cash and cash equivalents comprised the following:

	30 June 2019	**31 December 2018**
Cash on hand	147	63
Cash at banks	58,633	79,217
- Demand deposits	*43,873*	*52,000*
- Time deposits	*14,760*	*27,217*
Cash and cash equivalents	**58,780**	**79,280**

	30 June 2019	**31 December 2018**
Cash and cash equivalents	58,780	79,280
Restricted cash	(6,680)	(7,475)
Cash and cash equivalents for cash flow statement purposes	**52,100**	**71,805**

As at 30 June 2019 and 31 December 2018, maturities of time deposits comprised the following:

	30 June 2019	**31 December 2018**
Up to 1 month	13,946	26,750
1 – 3 months	814	467
Total	**14,760**	**27,217**

As at 30 June 2019, cash at banks amounting to USD 6,681 thousand (31 December 2018: USD 7,475 thousand) is restricted due to the bank loans guarantees and subscription guarantees. Restricted amount is readily convertible to cash without the significant risk of changes in value.

12 Capital and reserves

a) Share capital

As at 30 June 2019 and 31 December 2018, the Company's statutory nominal value of authorised and paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each.

As at 30 June 2019 and 31 December 2018, the share ownership structure of the Company was as follows:

	30 June 2019		31 December 2018	
	Nominal value of shares (USD '000)	Proportion of shares (%)	Nominal value of shares (USD '000)	Proportion of shares (%)
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**	

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

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 215,645 thousand (31 December 2018: USD 197,912 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated historical financial information 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 30 June 2019, the legal reserves of the Group amounted to USD 13,038 thousand (31 December 2018: USD 13,030 thousand).

(iii) Hedging reserves

Investment hedge

The Company has used its Eurobond financing as a non-derivative financial item to hedge the net investment of Bodrum Cruise Port, Ege Port and Port Akdeniz. As of 30 June 2019, the net asset values of Ege Port, Bodrum Cruise Port and Port Akdeniz amounting to USD 38,797, 2,785 and 164,822 thousand respectively, and the carrying value of Eurobond amounts to USD 250,520 thousand (31 December 2018: the net asset value of Port Akdeniz amounts to USD 194,867 thousand, and the carrying value of Eurobond amounts to USD 250,224 thousand). The ineffective portion of the investment hedge is USD 3,841 thousand as at 30 June 2019 (30 June 2018: USD 10,963 thousand).

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

12 Capital and reserves *(continued)*

(iii) Hedging reserves (continued)

As at 30 June 2019, the effective portion of gain or loss arising from investment hedging instrument is recognised in other comprehensive income, net of tax amounting to USD 18,184 thousand (30 June 2018: USD 37,342 thousand).

c) Dividends

Dividend distributions are made by the Company in TL in accordance with its articles, after deducting taxes and setting aside the legal reserves as discussed above.

In 2018, General Assembly of GPH decided to distribute USD 4,909 to its shareholder. Total amount declared in 2018 distribution is paid in cash. Other dividend distributions were made by Valletta Cruise Port to other shareholders, on which they have non-controlling interest, amounting to USD 1,320, BPI to other shareholders amounting to USD 2,409, and Cagliari to other shareholders amounting to USD 68.

13 Loans and borrowings

As at 30 June 2019 and 31 December 2018, loans and borrowings comprised the following:

Short term loans and borrowings	**30 June 2019**	**31 December 2018**
Short term portion of long term bank loans	33,125	16,852
TL loans	*834*	*575*
Loans denominated in other currencies	*32,291*	*16,277*
Short term portion of Eurobond issued (i)	18,549	18,559
Short term bank loans	3,337	12,031
- *TL loans*	*3,257*	--
- *Loans denominated in other currencies*	*80*	*12,031*
Lease obligations	3,087	1,313
- *Finance leases*	*1,691*	*1,313*
- *Lease obligations recognized under IFRS 16*	*1,396*	--
Total	**58,098**	**48,755**

Long term loans and borrowings	**30 June 2019**	**31 December 2018**
Long term Eurobond issued (i)	231,971	231,666
Finance lease obligations	60,206	592
Finance leases	*1,381*	*592*
Lease obligations recognized under IFRS 16	*58,825*	--
Long term bank loans	58,947	66,038
- *TL loans*	*26*	*25,565*
- *Foreign currency loans*	*58,921*	*40,473*
Total	**351,124**	**298,296**

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

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

13 Loans and borrowings *(continued)*

Eurobonds contain the following key financial covenants:

If a concession termination event occurs at any time, Global Liman (the "Issuer") must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of notes repurchased, in addition to accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

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 the Issuer, Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5 million;
- Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million; and
- Any additional indebtedness of the Issuer or any Guarantor (other than and in addition to indebtedness permitted above) and Port of Adria indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20 million; and provided further, that more than 50% in aggregate principal amount of any Port of Adria indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

Group debt covenants are calculated based on applicable IFRSs as of the time the lease obligations were initially recognised. 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.

As at 30 June 2019 and 31 December 2018, maturity profile of long term loans and borrowings comprised the following:

Year	30 June 2019	31 December 2018
Between 1-2 years	26,886	34,122
Between 2-3 years	226,022	225,086
Between 3-4 years	11,303	11,259
Over 5 years	26,707	27,237
Total	**290,918**	**297,704**

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

13 Loans and borrowings *(continued)*

As at 30 June 2019 and 31 December 2018, 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	3,851	(763)	3,087	1,382	(69)	1,313
More than one year	115,364	(55,156)	60,206	637	(45)	592
Total	**119,215**	**(55,919)**	**63,293**	**2,019**	**(114)**	**1,905**

Group debt covenants are calculated based on applicable IFRSs as of the time the lease obligations were initially recognised. 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.

14 Provisions

	Replacement provisions for Creuers (*)	**Port of Adria Concession fee provision (**)**	**Italian Ports Concession fee provision (***)**	**Unused vacations**	**Legal**	**Other**	**Total**
Balance at 1 January	**6,138**	**1,432**	**1,668**	**206**	**200**	**173**	**9,817**
Reversal due to IFRS 16 application	--	(1,432)	(377)	--	--	--	(1,809)
Provisions created	256	--	--	100	1,083	22	1,461
Provisions utilised	--	--	(132)	--	(12)	--	(144)
Reversal of provisions	--	--	--	--	(12)	--	(12)
Unwinding of discounts	97	--	25	--	--	--	122
Currency translation difference	(39)	--	(9)	(18)	(5)	(2)	(73)
Balance at 30 June	**6,452**	--	**1,175**	**288**	**1,254**	**193**	**9,362**
Non-current	6,452	--	908	--	--	28	**7,388**
Current	--	--	267	288	1,254	165	**1,974**
	6,452	--	**1,175**	**288**	**1,254**	**193**	**9,362**

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013, the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement.

(**) 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. 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 this accrual through Right of use asset as explained on Note 2 (d) (i).

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

14 Provisions *(continued)*

(***) 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, in line with the IFRIC 12 requirements.

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, in line with the IFRIC 12 requirements.

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. For the annual year starting at 1 January 2019, the Group has reclassified this accrual to lease liabilities related to IFRS 16.

15 Earnings per share

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

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

For the period ended 30 June, earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	2019	**2018**
Loss attributable to owners of the Company	(11,985)	(1,871)
Weighted average number of shares	74,307,399	74,307,399
Basic and diluted earnings per share with par value of TL 1 (cent per share)	(16.12)	(2.52)

16 Commitment and contingencies

(a) Litigations

There are pending lawsuits that have been filed against or by the Group. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for the possible expenses and liabilities. The amount of provision that has been accounted for as at 30 June 2019 is USD 1,253 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 as follows:

16 Commitment and contingencies *(continued)*

(a) Litigations (continued)

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.

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.

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.

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. 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. Whole process before the Competition Authority may take up to 18 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.

16 Commitments and contingencies *(continued)*

Litigations (continued)

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 1,500,000 USD 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 our 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 (see Note 14).

17 Fair values

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.

17 Fair values *(continued)*

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).

Financial assets	Note	As at 30 June 2019 Carrying Amount	As at 31 December 2018 Carrying Amount
Trade and other receivables		42,767	19,987
Due from related parties	18	4,730	2,263
Cash and cash equivalents	11	52,100	71,805
Other investments		72	72
Total		**99,669**	**94,127**

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

USD '000	Note	As at 30 June 2019		As at 31 December 2018	
Financial liabilities		**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Loans and borrowings	13	345,929	342,377	345,146	334,433
Lease obligations	13	63,293	63,296	1,905	1,905
Trade and other payables		15,294	15,294	14,344	14,344
Due to related parties	18	6,899	6,899	7,324	7,324
Derivative financial liabilities		669	669	617	617
Other financial liabilities		527	527	3,410	3,410
Total		**432,613**	**429,062**	**372,746**	**362,033**

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 30 June 2019	Derivative financial liabilities	--	669	--	669
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.

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

18 Related parties

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

Related parties	**Relationship**
Mehmet Kutman	Shareholder of Parent Company
Global Yatırım Holding	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 the related party transactions between the company and its subsidiaries have been eliminated on consolidation, and are therefore not disclosed in this note.

Due from related parties

As at 30 June 2019 and 31 December 2018, current receivables from related parties comprised the following:

Current receivables from related parties	**30 June 2019**	**31 December 2018**
GPH PLC	3,881	1,474
Global Yatırım Holding	473	447
Others	101	56
Naturel Gaz (**)	73	72
Straton Maden (**)	67	73
Adonia Shipping (**)	61	67
IEG Global	57	57
Mehmet Kutman	17	17
Total	**4,730**	**2,263**

(*) The receivable from GPH PLC represents charges and expenses incurred by the Group on behalf of GPH PLC.

(**) These amounts are related with the work advances. The charged interest rate is 19.50% as at 30 June 2019 (31 December 2018: 19.50%).

Due to related parties

As at 30 June 2019 and 31 December 2018, current payables to related parties comprised the following:

Current payables to related parties	**30 June 2019**	**31 December 2018**
GPH PLC	6,853	6,970
Global Sigorta (*)	41	309
Global Menkul (*)	--	1
Other	5	44
Total	**6,899**	**7,324**

(*) These amounts are related to professional services taken. The charged interest rate is 19.50% as at 30 June 2019 (31 December 2018: 19.50%).

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

18 Related parties *(continued)*

Transactions with related parties:

For the six months ended 30 June, significant transactions with other related parties comprised the following:

	2019		2018	
	Interest received	Other	Interest received	Other
Global Yatırım Holding	--	--	297	--
Global Menkul	--	--	--	--
Total	--	--	**297**	**--**

	2019		2018	
	Interest Paid	Other	Interest Paid	Other
Global Yatırım Holding	--	--	--	1
Total	--	--	--	**1**

Transactions with key management personnel

For the six months ended 30 June, details of benefits to key management personnel comprised the following:

	2019	2018
Salaries	945	981
Attendance fees to Board of Directors	86	56
Other	10	19
Bonus	--	49
Total	**1,041**	**1,105**

19 Events after reporting date

None.