GLOBAL LİMAN İŞLETMELERİ A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
AND INDEPENDENT AUDITOR'S REPORT

12 March 2018

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

Global Liman İşletmeleri A.Ş. and its Subsidiaries

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Liman İşletmeleri A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Liman İşletmeleri A.Ş. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

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

İstanbul, 12 March 2018

Global Liman İşletmeleri A.Ş. and its Subsidiaries

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

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

	Notes	Year ended 31 December 2017	Restated* Year ended 31 December 2016
Revenue	*7*	116,366	114,869
Cost of sales	*7*	(75,548)	(72,083)
Gross profit		**40,818**	**42,786**
Other income		2,228	477
Gain on bargain purchase	*6*	--	131
Selling and marketing expenses	*9*	(1,296)	(808)
Administrative expenses	*10*	(14,456)	(16,204)
Other expenses	*8*	(14,440)	(5,508)
Operating profit		**12,854**	**20,874**
Finance income	*11*	15,028	17,509
Finance costs	*11*	(39,792)	(35,272)
Net finance costs		**(24,764)**	**(17,763)**
Share of profit of equity-accounted investees	*15*	2,548	2,219
(Loss)/ Profit before tax		**(9,362)**	**5,330**
Income tax benefit/ (expense)	*17*	(3,599)	(925)
(Loss)/ Profit for the year		**(12,961)**	**4,405**
(Loss)/ Profit for the year attributable to:			
Owners of the Company		(14,406)	2,338
Non-controlling interests	23	1,445	2,067
		(12,961)	4,405
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in currency translation difference		13,274	(2,901)
Remeasurement of defined benefit obligation	*17*	(23)	50
Income tax relating to items that will not be reclassified subsequently to profit or loss	*17*	5	(10)
		13,256	**(2,861)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		28,424	28,082
Cash flow hedges - effective portion of changes in fair value		334	(186)
Losses on a hedge of a net investment	*17*	(13,389)	(47,654)
		15,369	**(19,758)**
Other comprehensive income/(loss) for the year, net of income tax		**28,625**	**(22,619)**
Total comprehensive income/(loss) for the year		**15,664**	**(18,214)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		3,401	(17,687)
Non-controlling interests	23	12,263	(527)
		15,664	**(18,214)**
Basic and diluted earnings per share	*28*	**(19.39)**	**3.15**

(*) As set out in Note 3(f), the Group acquired three Italian cruise ports in December 2016. In accordance with IFRS 3 Business Combinations, the previous reported provisional acquisition values were finalized in 2017 giving rise to a previously unrecognized gain on bargain purchase amounting to USD 131 and the consolidated financial statements for the year ended 31 December 2016 have been restated to reflect this gain and the final asset and liability figures.

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 2017
(Amounts expressed in USD 000's ("USD'000"))

	Notes	As at 31 December 2017	Restated* As at 31 December 2016
Non-current assets			
Property and equipment	*12*	134,665	115,765
Intangible assets	*13*	433,075	432,642
Goodwill	*14*	14,088	12,405
Equity-accounted investees	*15*	22,004	17,168
Other non-current assets	*19*	4,905	8,700
Deferred tax assets	*17*	1,695	3,111
Other investments		5	8
		610,437	**589,799**
Current assets			
Trade and other receivables	*18*	15,702	11,922
Due from related parties	*31*	1,988	31,501
Other investments	*16*	14,728	14,602
Other current assets	*19*	4,855	5,797
Inventories	*20*	1,714	1,294
Prepaid taxes		2,900	1,815
Cash and cash equivalents	*21*	48,308	44,310
		90,195	**111,241**
Total assets		**700,632**	**701,040**
Current liabilities			
Loans and borrowings	*24*	44,878	42,982
Other financial liabilities		--	140
Trade and other payables	*25*	14,921	14,463
Due to related parties	*31*	4,056	581
Current tax liabilities	*17*	2,218	1,814
Provisions	*27*	1,202	1,492
		67,275	**61,472**
Non-current liabilities			
Loans and borrowings	*24*	296,842	296,307
Other financial liabilities		2,662	2,525
Derivative financial liabilities	*32*	855	1,131
Deferred tax liabilities	*17*	99,879	98,489
Provisions	*27*	21,081	16,545
Employee benefits	*26*	936	1,287
		422,255	**416,284**
Total liabilities		**489,530**	**477,756**
Net assets		**211,102**	**223,284**
Equity			
Share capital	22	33,836	33,836
Share premium account	22	54,539	54,539
Legal reserves	22	13,012	12,424
Hedging and translation reserves	22	14,863	(2,962)
Retained earnings		1,957	43,752
Equity attributable to equity holders of the Company		**118,207**	**141,589**
Non-controlling interests	23	92,895	81,695
Total equity		**211,102**	**223,284**

(*) As set out in Note 3(f), the Group acquired three Italian cruise ports in December 2016. In accordance with IFRS 3 Business Combinations, the previous reported provisional acquisition values were finalized in 2017 giving rise to a previously unrecognized gain on bargain purchase amounting to USD 131 and the consolidated financial statements for the year ended 31 December 2016 have been restated to reflect this gain and the final asset and liability figures.

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 2017
(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 2017		33,836	54,539	12,424	(122,708)	119,764	43,622	141,477	80,588	222,065
Impact of finalization of acquisition accounting (*)		--	--	--	--	(18)	130	**112**	1,107	**1,219**
Restated balance at 1 January 2017		33,836	54,539	12,424	(122,708)	119,746	43,752	141,589	81,695	223,284
Loss for the year		--	--	--	--	--	(14,406)	**(14,406)**	1,445	**(12,961)**
Other comprehensive income/ (loss) for the year	*22*	--	--	--	(13,055)	30,080	(18)	**17,807**	10,818	**28,625**
Total comprehensive income/ (loss) for the year		--	--	--	(13,055)	30,080	(14,424)	3,401	12,263	15,664
Transfer to legal reserves		--	--	588	--	--	(588)	--	--	--
Dividends	*22(c)*	--	--	--	--	--	(26,783)	**(26,783)**	(1,063)	**(27,846)**
Total contributions and distributions		--	--	588	--	--	(27,371)	(26,783)	(1,063)	(27,846)
Balance at 31 December 2017		33,836	54,539	13,012	(135,763)	150,626	1,957	118,207	92,895	211,102

(*) As set out in Note 3(f), the Group acquired three Italian cruise ports in December 2016. In accordance with IFRS 3 Business Combinations, the previous reported provisional acquisition values were finalized in 2017 giving rise to a previously unrecognized gain on bargain purchase amounting to USD 131 and the consolidated financial statements for the year ended 31 December 2016 have been restated to reflect this gain and the final asset and liability figures.

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 2017

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

Restated *	Note	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016		33,836	54,539	9,917	(74,867)	91,970	78,488	193,883	83,941	277,824
Profit for the year		--	--	--	--	--	2,338	**2,338**	2,067	**4,405**
Other comprehensive income / (loss) for the year	22	--	--	--	(47,841)	27,776	40	**(20,025)**	(2,594)	**(22,619)**
Total comprehensive income / (loss) for the year		--	--	--	**(47,841)**	**27,776**	**2,378**	**(17,687)**	**(527)**	**(18,214)**
Transfer to legal reserves		--	--	2,507	--	--	(2,507)	--	--	--
Dividends	22(c)	--	--	--	--	--	(34,607)	**(34,607)**	(3,011)	**(37,618)**
Total contributions and distributions		--	--	**2,507**	--	--	**(37,114)**	**(34,607)**	**(3,011)**	**(37,618)**
Acquisition of subsidiary	6(i)	--	--	--	--	--	--	--	1,292	**1,292**
Balance at 31 December 2016 (*)		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,746**	**43,752**	**141,589**	**81,695**	**223,284**

(*) As set out in Note 3(f), the Group acquired three Italian cruise ports in December 2016. In accordance with IFRS 3 Business Combinations, the previous reported provisional acquisition values were finalized in 2017 giving rise to a previously unrecognized gain on bargain purchase amounting to USD 131 and the consolidated financial statements for the year ended 31 December 2016 have been restated to reflect this gain and the final asset and liability figures.

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 2017

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

	Notes	Year ended 31 December 2017	Restated* Year ended 31 December 2016
Cash flows from operating activities			
(Loss) / Profit for the year		(12,961)	4,405
Adjustments for:			
Depreciation and amortization expense	*12,13*	42,779	40,556
Bargain purchase gain	*6*	--	(131)
Share of profit of equity-accounted investees, net of tax	*15*	(2,548)	(2,219)
Gain on disposal of property plant and equipment		(148)	(2)
Interest expense	*11*	26,911	27,237
Interest income	*11*	(2,588)	(3,922)
Income tax (benefit) / expense	*17*	3,599	925
Employment termination indemnity reserve	*26*	253	172
Provisional charges	*27*	3,103	3,739
Unrealized foreign exchange differences on loans and borrowings		441	(5,553)
Operating cash flow before changes in operating assets and liabilities		**58,841**	**65,197**
Changes in:			
- trade and other receivables		(5,116)	(2,059)
- other current assets		(1,197)	(1,205)
- related party receivables	*31*	(5)	3
- other non-current assets		(628)	3,189
- trade and other payables		180	776
- related party payables		(131)	(53)
- provisions	*27*	(1,237)	(1,524)
Cash generated by operations before benefit and tax payments		**50,707**	**64,324**
Employee benefits paid	*26*	(127)	(229)
Income taxes paid	*17*	(8,127)	(4,478)
Net cash generated from operating activities		**42,453**	**59,617**
Investing activities			
Acquisition of property and equipment	*12*	(13,279)	(8,296)
Acquisition of intangible assets	*13*	(595)	(98)
Proceeds from sale of property and equipment		360	40
Change in financial investments		1,348	4,497
Interest received		840	600
Acquisition of other investment		--	(8,576)
Acquisition of subsidiary	*6*	--	(2,181)
Advances given for tangible assets		(319)	(2,247)
Net cash used in investing activities		**(11,645)**	**(16,261)**
Financing activities			
Change in due to related parties	*11,31*	28,331	910
Change in due from related parties		3,765	295
Dividends paid		(27,847)	(37,618)
Interest paid		(25,519)	(26,255)
Proceeds from borrowings		29,696	12,486
Repayments of borrowings		(35,738)	(17,608)
Net cash used in financing activities		**(27,312)**	**(67,790)**
Net increase / (decrease) in cash and cash equivalents		**3,496**	**(24,434)**
Effect of foreign exchange rate changes		(1,127)	(10,254)
Cash and cash equivalents at beginning of year		38,356	73,044
Cash and cash equivalents at end of year	*21*	**40,725**	**38,356**

(*) As set out in Note 3(f), the Group acquired three Italian cruise ports in December 2016. In accordance with IFRS 3 Business Combinations, the previous reported provisional acquisition values were finalized in 2017 giving rise to a previously unrecognized gain on bargain purchase amounting to USD 131 and the consolidated financial statements for the year ended 31 December 2016 have been restated to reflect this gain and the final asset and liability figures.

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

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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 "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 31 December 2017, all shares are owned by Global Ports Plc. As at 31 December 2016, 89.16% of the shares of the Company are owned by Global Yatırım Holding and 10.84% by European Bank of Reconstruction and Development ("EBRD").

As at 31 December 2017, the number of employees of the Group was 635 (31 December 2016: 666).

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

1 General information *(continued)*

Ege Liman

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

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005, 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.

Ortadoğu Liman

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

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

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

Bodrum Liman

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

Global Liman acquired 60% of the shares of Bodrum Liman on 16 June 2008. As at 31 December 2017, shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ("Setur"), respectively.

1 General information *(continued)*

Port of Adria

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

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

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

BPI and Creuers and Malaga Port

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 was a special purpose joint venture between the Global Liman and Royal Caribbean Cruises Ltd. where the Group held a 49% interest. Creuers is the cruise port in Europe with having the 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore Port. BPI was recognized as an equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013 and 30 September 2014.

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

Global BV, Perquisite, GP Malta and VCP

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

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

POH was established in Italy for the investments made through Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares. Share purchases are performed from two different former shareholders, one by direct share purchase and another by purchase of a dormant Company, based in Cyprus ("RCI Cyprus"). Purchase of RCI Cyprus shares were made at the end of the year 2016. The financial statements of RCI Cyprus as of 31 December 2017 are not significant in terms of consolidated financial statements of the Group. Since RCI Cyprus could not prepare its financial statements as of 31 December 2017, RCI Cyprus is not included in the accompanying consolidated financial statements. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers.

1 General information *(continued)*

Global Depolama

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

Randa

Randa was acquired by Global Liman on 17 February 2011 for the purpose of marine vehicle trade for a consideration of Euro 10,000. As at 31 December 2017, Randa is inactive and is excluded from the scope of consolidation.

2 Adoption of new and revised Standards

a) Amendments to IFRSs that are mandatorily effective for the current year

Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses* [1]
Amendments to IAS 7	*Disclosure Initiative* [1]
Annual Improvements to IFRS Standards 2014–2016 Cycle	*IFRS 12* [1]

[1] Effective for annual periods beginning on or after 1 January 2017.

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Amendments to IAS 7 *Disclosure Initiative*

This amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings (Note 24) and certain other financial liabilities. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period.

Annual Improvements to IFRS Standards 2014–2016 Cycle

IFRS 12: IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

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

b) New and revised IFRSs in issue but not yet effective:

Standard	Title
IFRS 9	*Financial Instruments* [1]
IFRS 15	*Revenue from Contracts with Customers* [1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IFRS 16	*Leases* [2]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration* [1]
Annual Improvements to IFRS Standards 2014–2016 Cycle	*IFRS 1* [1], *IAS 28* [1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures* [2]
IFRIC 23	*Uncertainty over Income Tax Treatments* [2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation* [2]
Annual Improvements to IFRS Standards 2015–2017 Cycle	*IFRS 3 and IFRS 11, IAS 12, IAS 23* [2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

b) New and revised IFRSs in issue but not yet effective (continued):

IFRS 9 *Financial Instruments (continued)*

Key requirements of IFRS 9 (cont'd):

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management's assessment of the impact of IFRS 9 is that it would not have a material impact on the Group's consolidated financial statements. The Group currently presents its financial debt instruments in line with IAS 39 and the amendments, simplifications and changes made on adoption of IFRS 9 would not have any impact on Group's classification and measurement in the consolidated financial statements. As per management's assessment, given the nature of the Group's financial assets held, no material changes to the classification and measurement of financial instruments have been identified, in particular in relation to the carrying value of financial assets under the IFRS 9 'expected loss model'. At 31 December 2017 the group held bonds issued by Global Yatirim Holding Group. However, these were repurchased on 6 February 2018 and the adoption of IFRS 9 will not have a significant effect on their accounting. In relation to hedge accounting, the Group has immaterial cash flow hedges and a net investment hedge which was effective in 2017 and which is expected to remain fully effective under IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

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

b) New and revised IFRSs in issue but not yet effective (continued):

IFRS 15 *Revenue from Contracts with Customers (continued)*

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

In relation to IFRS 15, Management's assessment of the impact of IFRS 15 is that it would not have a material impact on the Group's consolidated financials. Given the nature of the business, the Group does not have significant amount of revenues arising from contracts with customers. For the majority of the Group's revenue, the application of IFRS 15 will have no impact on the current revenue recognition under IAS 18: 'Revenue'. The principal reason for this is that the Group is only entitled to invoice for services on completion and does not satisfy any of the conditions for recognising revenue over time.

Separately, there is no impact on deferred costs on the balance sheet to obtain contracts (given the nature of operations and majority of revenues are not related to revenue contracts) under IFRS 15 when compared to the current treatment.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

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

b) New and revised IFRSs in issue but not yet effective (continued):

IFRS 16 ***Leases (continued)***

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of USD 155,242. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognized in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognized an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognized in the Group's consolidated financial statements.

IFRIC 22 ***Foreign Currency Transactions and Advance Consideration***

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

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

b) New and revised IFRSs in issue but not yet effective (continued):

Annual Improvements to IFRS Standards 2014–2016 Cycle

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interests in Other Entities, which is effective for annual periods beginning on or after 1 January 2017 (see section 1A above for details).

- **IFRS 1:** The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.
- **IAS 28:** The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

The amendments apply retrospectively with earlier application permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

This amendment amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

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

b) New and revised IFRSs in issue but not yet effective (continued):

Annual Improvements to IFRS Standards 2015–2017 Cycle

- **IFRS 3** and **IFRS 11** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12** - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- **IAS 23** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

3 Significant accounting policies

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements has been prepared on the historical cost basis except for the following items, which are measured at fair value at the end of each reporting period 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). The functional currency of the Company is TL. For the purpose of the consolidated financial statements, United States Dollars is chosen as the presentation currency by management. The consolidated financial statements are rounded to the nearest thousand dollars, except when otherwise indicated.

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

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

Euro is significantly used in the operations of the Port of Adria, Ege Liman, Bodrum Liman, VCP, Malaga Port, Global BV, BPI, Creuers, POH, Ravenna, Cagliari, 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".

3 Significant accounting policies (continued)

(d) Critical accounting judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised 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 judgements in applying the Group's accounting policies

The following are the critical judgements, 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:

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

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. 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 balance sheet date.

The carrying value of port concession intangible assets at 31 December 2017 is USD 430,958 (2016: USD 430,768). Creuers was previously assessed to within the scope of IFRIC 12. In the year the acquisition accounting for the Ravenna, Cagliari, Catania Ports purchased in 2016 was finalised (see Note 6) with the port concessions for Ravenna and Catania assessed to be within the scope of IFRIC 12.

3 Significant accounting policies (continued)

(e) Key sources of estimation uncertainty

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

Business combinations and determination of acquisition fair values

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. Business combinations require a fair value exercise to be undertaken to allocate the purchase price (cost) to the fair value of the acquired identifiable assets, liabilities, contingent liabilities and goodwill. As a result of the nature of fair value assessments, the valuation method and the purchase price allocation exercise requires subjective judgements based on a wide range of variables at a point in time including future passenger numbers or commercial volumes. Management engages external specialists to perform these fair value assessments and uses all available information to make the fair value determinations.

Determining the fair value of the intangible port operating rights on initial recognition requires subjective judgements based on a wide range of variables at a point in time. Management engages external specialists to perform these fair value assessments and uses all available information to make the fair value determinations.

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 2017 of USD 22,283 (2016: USD 18,037), of which USD 17,918 (2016: USD 13,487) relates to asset replacement and maintenance provisions recognised in accordance with IFRIC 12. The provision level reflects the planned future activity over the term of the port concession term and maybe be subject to change. Further details are provided in Note 27.

(f) Finalization of acquisition accounting and restatement of 2016

Italian Ports Acquisition

As explained in Note 6 (a) (i), the acquisition fair value for Italian Ports were provisional as at and for the year ended 31 December 2016 in accordance with IFRS 3 "Business Combinations" the fair values were subsequently finalized within twelve months of the acquisition date. The adjustments to the provisional amounts have been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements as at 31 December 2016. As a result:

- Goodwill amounting to by USD 2,110 as a result of provisional accounting at the end of 31 December 2016 was eliminated,
- A Port operating right amounting USD 6,561 and deferred tax liability amounting USD 1,317 was created,
- A bargain purchase gain amounting USD 131 was recognized,
- A provision for fixed concession payments amounting USD 1,980 was created
- Other identifiable assets and liabilities have not been changed.

Further details are provided in Note 6.

(g) Basis of consolidation

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

3 Significant accounting policies *(continued)*

(g) Basis of consolidation (continued)

(i) Subsidiaries

As at 31 December 2017, the consolidated financial statements includes the financial results of the Company and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is achieved when the Company:

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

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

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

As at 31 December 2017 and 2016, 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 (%)	
	2017	2016	2017	2016
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
BPI	62.00	62.00	62.00	62.00
Creuers	62.00	62.00	62.00	62.00
Malaga Port	49.60	49.60	80.00	80.00
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
Catania	62.21	62.21	62.21	62.21
Cagliari	70.89	70.89	70.89	70.89
RCI Cyprus (*)	95.00	95.00	95.00	95.00
Global Depolama	100.00	100.00	100.00	100.00

(*) As explained in Note 1, RCI Cyprus have not been included in the consolidation in the accompanying consolidated financial statements.

(ii) *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in the equity accounted investees are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

3 Significant accounting policies *(continued)*

(g) Basis of consolidation (continued)

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

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.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2017 and 2016 for the equity accounted investees:

	Effective ownership rates		Voting power held	
	31 December 2017 (%)	31 December 2016 (%)	31 December 2017 (%)	31 December 2016 (%)
Port of Lisbon	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 statement of financial position and profit or loss and other comprehensive income. Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Business combinations

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

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

3 Significant accounting policies *(continued)*

(g) Basis of consolidation (continued)

(v) Business combinations (continued)

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

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

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

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

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements.

The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognized as part of share premium. Any cash paid for the acquisition is recognized directly in equity.

(h) Going concern

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

(i) Foreign currency

(i) Foreign currency transactions

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

3 Significant accounting policies *(continued)*

(i) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

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

As at 31 December 2017 and 2016, foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2017	**2016**
TL/USD	0.2651	0.2842
Euro/USD	1.1971	1.0542

For the year ended 31 December 2017 and 2016, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2017	**2016**
TL/USD	0.2741	0.3310
Euro/USD	1.1285	1.1055

(ii) Foreign operations

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

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

3 Significant accounting policies *(continued)*

(i) Foreign currency (continued)

(ii) Foreign operations (continued)

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

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

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

(j) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets 'at fair value through profit or loss', 'loans and receivables' and 'available-for-sale' financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

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

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

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

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

(ii) Non-derivative financial assets - measurement

Financial assets at fair value through profit or loss

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

3 Significant accounting policies *(continued)*

(j) Financial instruments (continued)

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

Loans and receivables

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

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

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

(iv) Derivative financial instruments

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

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

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

3 Significant accounting policies *(continued)*

(j) Financial instruments *(continued)*

(iv) Derivative financial instruments (continued)

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

It is expected that hedge transaction is to be effective in stabilizing changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, hedge transaction is evaluated continuously for identification of effectiveness and it is expected to be consistent with documented risk management strategy. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

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

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

Cash flow hedges

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

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

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

3 Significant accounting policies *(continued)*

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

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

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

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

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized up to the point when the asset is substantially complete. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

(iii) Depreciation

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

3 Significant accounting policies *(continued)*

(k) Property and equipment (continued)

(iii) Depreciation (continued)

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

(l) 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 amortization and accumulated impairment losses.

(ii) Subsequent expenditures

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

(iii) Intangible assets recognized in a business combination

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

(iv) Service concession arrangements

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

3 Significant accounting policies *(continued)*

(l) Intangible assets (continued)

(iv) *Service concession arrangements (continued)*

Port operation rights arising from a service concession arrangement are recognised in line with IFRIC 12 *'Service Concession Arrangements'* 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 estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. These assets are amortised based on the lower of their useful lives or concession period.

(v) Amortization

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

	Years
Port operation rights	4-50
Customer relationships	12
Software	5

(vi) Derecognition

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

(m) Goodwill

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

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

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

3 Significant accounting policies *(continued)*

(n) Leased assets

(i) Determining whether an arrangement contains a lease

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

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

(ii) Leased assets

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

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

(iii) Lease payments

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

(o) Impairment

(i) Non-derivative financial assets

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

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

3 Significant accounting policies *(continued)*

(o) Impairment (continued)

Financial assets measured at amortised cost

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

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

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

Available-for-sale financial assets

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

(ii) Non-financial assets

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

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

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

3 Significant accounting policies *(continued)*

(o) Impairment (continued)

(ii) Non-financial assets (continued)

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

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

(q) Provisions, contingent assets and liabilities

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

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

(r) Revenue

Revenue is recognized on an accruals basis when services are rendered, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue stated net of taxes and measured at the fair value of the consideration received or receivable.

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

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

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

3 Significant accounting policies *(continued)*

(r) Revenue (continued)

(iv) Landing fees

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

(v) Rental income

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

(vi) Rental income from duty free

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

(vii) Water sales

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

(viii) Other revenues

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

(s) Finance income and finance costs

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

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

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

(t) Income tax

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

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

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

(i) Current tax

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

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

3 Significant accounting policies *(continued)*

(t) Income tax (continued)

(ii) Deferred tax

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

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

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

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

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

(iii) Current and deferred tax for the period

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

(u) Government subsidies and incentives

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

(v) Lease payments

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

Contingent lease payments are recognized when the contingency is resolved.

4 Determination of fair values

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 32 - Financial risk management.

5 Segment Reporting

(i) *Basis for segmentation*

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

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

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

5 Segment Reporting (continued)

(i) Basis for segmentation (continued)

The Group has the following operating segments under IFRS 8:

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

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

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

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

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

5 Segment reporting *(continued)*

(ii) Information about reportable segments

As at and for the year ended 31 December 2017, 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	164,043	115,673	55,965	13,900	*349,581*	234,902	70,526	*305,428*	23,619	*678,628*
Equity accounted investees	--	--	--	22,004	*22,004*	--	--	--	--	*22,004*
Segment liabilities	98,490	37,471	13,285	5,069	*154,315*	53,333	8,157	*61,490*	273,725	*489,530*
Capital expenditures	209	801	3,448	1,447	*5,905*	2,851	6,581	*9,432*	467	*15,804*

	BPI	VCP	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
External revenues	27,376	12,916	4,819	5,165	*50,276*	58,549	7,541	*66,090*	--	*116,366*
EBITDA	17,558	6,826	2,954	4,877	*32,215*	46,436	1,855	*48,291*	(3,802)	*76,704*
Depreciation and amortization expense	(10,869)	(2,582)	(2,788)	(3,119)	*(19,358)*	(20,742)	(2,514)	*(23,256)*	(165)	*(42,779)*
Non-recurring income/(expense)	(685)	(338)	(303)	(39)	*(1,365)*	(582)	(1,463)	*(2,045)*	(12,920)	*(16,330)*
Non-cash income/(expenses)	(2,109)	--	(580)	(28)	*(2,717)*	(428)	976	*548*	(24)	*(2,193)*
Operating profit	3,895	3,907	(717)	(857)	*6,228*	24,684	(1,146)	*23,538*	(16,912)	*12,854*
Share of profit of equity-accounted investees	--	--	--	2,548	*2,548*	--	--	--	--	*2,548*
Interest income	3	1	1,673	60	*1,737*	2,110	152	*2,262*	4,563	*8,562*
Interest expense	(2,558)	(404)	(1,458)	(177)	*(4,597)*	(3,314)	(918)	*(4,232)*	(23,324)	*(32,153)*

5 Segment reporting *(continued)*

(ii) Information about reportable segments (continued)

As at and for the year ended 31 December 2016, 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	146,068	101,804	53,066	16,228	*317,166*	250,527	59,127	*309,654*	57,052	*683,872*
Equity accounted investees	--	--	--	17,168	*17,168*	--	--	--	--	*17,168*
Segment liabilities	88,696	35,075	12,942	6,487	*143,200*	50,840	9,630	*60,470*	274,086	*477,756*
Capital expenditures	126	1,960	1,255	3	*3,344*	1,400	4,009	*5,409*	261	*9,014*

	BPI	VCP	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
External revenues	27,113	11,838	11,650	3,033	*53,634*	53,351	7,884	*61,235*	--	*114,869*
EBITDA	18,032	5,859	8,976	4,050	*36,917*	41,288	2,728	*44,016*	(5,011)	*75,922*
Depreciation and amortization expense	(10,572)	(2,356)	(2,543)	(2,205)	*(17,676)*	(20,589)	(2,177)	*(22,766)*	(114)	*(40,556)*
Non-recurring income/(expense)	(581)	(469)	(1,053)	(244)	*(2,347)*	(1,315)	(1,676)	*(2,991)*	(3,615)	*(8,953)*
Non-cash income/(expenses)	(2,467)	(36)	(252)	(56)	*(2,811)*	(147)	(469)	*(616)*	107	*(3,320)*
Operating profit	4,413	2,998	5,128	(675)	*11,864*	19,237	(1,594)	*17,643*	(8,633)	*20,874*
Share of profit of equity-accounted investees	--	--	--	2,219	*2,219*	--	--	--	--	*2,219*
Interest income	--	195	2,444	16	*2,655*	981	35	*1,016*	4,843	*8,514*
Interest expense	(2,790)	(538)	(1,524)	(132)	*(4,984)*	(3,409)	(496)	*(3,905)*	(22,794)	*(31,683)*

5 Segment reporting *(continued)*

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

	Note	Year ended 31 December 2017	Year ended 31 December 2016
Revenues			
Total revenue for reportable segments	*7*	116,366	114,869
Total external revenues		**116,366**	**114,869**
Consolidated EBITDA		76,704	75,922
Non-recurring income / (expense)		(16,330)	(8,953)
Non-cash income / (expense)		(2,193)	(3,320)
Finance income	*11*	15,028	17,509
Finance costs	*11*	(39,792)	(35,272)
Depreciation and amortization	*12-13*	(42,779)	(40,556)
Total Profit before income tax		**(9,362)**	**5,330**
Interest income			
Total interest income for reportable segments		8,562	8,514
Elimination of inter-segments		(6,232)	(5,095)
Total interest income	*11*	**2,330**	**3,419**
Interest expense			
Total interest expense for reportable segments		(32,153)	(31,683)
Elimination of inter-segments		6,232	5,095
Total interest expense	*11*	**(25,921)**	**(26,588)**

(iv) Geographic information

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

Revenue

	Year ended 31 December 2017	Year ended 31 December 2016
Turkey	**66,009**	**68,034**
All foreign countries	**50,357**	**46,835**
Montenegro	7,541	7,884
Malta	12,916	11,838
Spain	27,376	27,113
Italy	2,524	--
	116,366	**114,869**

Non-current assets

	As at 31 December 2017	As at 31 December 2016
Turkey	**265,792**	**280,557**
All foreign countries	**320,946**	**291,675**
Spain	144,939	137,601
Malta	100,631	90,321
Montenegro	67,416	56,094
Italy	7,960	7,659
	586,738	**572,232**

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

6 Acquisition of subsidiary

a) Acquisition of Ravenna, Cagliari and Catania Cruise Ports

As at 31 December 2016, the Group held 67.55% shares of Cagliari Passenger Terminal, 59.05% shares of Catania Passenger Terminal and 51% shares of Ravenna Passenger Terminal in Italy, purchased on 30 November 2016 for a total cash consideration of USD 2,411 and provisionally fair valued the related port operations right at USD 6,561 thousand recognised in the consolidated statement of financial position.

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

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

(i) Identifiable assets acquired and liabilities assumed

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

As at 30 November 2016 (acquisition date)	*Note*	Provisional fair values USD'000	Adjustments USD'000	Final fair value USD '000
Property and equipment	*12*	939	--	939
Intangible assets	*13*	136	6,561	6,697
Other assets		236	--	236
Trade and other receivables		678	--	678
Cash and cash equivalents		230	--	230
Loans and borrowings		(604)	--	(604)
Trade and other payables		(1,031)	--	(1,031)
Deferred tax liabilities		--	(1,317)	(1,317)
Provisions		--	(1,980)	(1,980)
Employee termination indemnity		(14)	--	(14)
Total identifiable net assets acquired		**570**	**3,264**	**3,834**

The adjustments have been made retrospectively, restating 2016 financial information as described in Note 3 (f).

The gross contractual amount of receivables of Ravenna, Cagliari, and Catania as of 30 November 2016 is USD 678 and there are no contractual cash flows which are not expected to be collected.

(ii) Gain on bargain purchase

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

As at 30 November 2016 (acquisition date)	*Note*	Provisional Accounting	Final Accounting
Consideration paid	*(a)*	2,411	2,411
Fair value of identifiable net assets acquired (100%)	*(a)(i)*	(570)	(3,834)
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Ravenna, Cagliari, and Catania		269	1,292
Goodwill/(Gain on bargain purchase)		2,110	(131)

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

6 Acquisition of subsidiary *(continued)*

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

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

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

(iv) Impact of acquisition on results of the Group

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

7 Revenue and cost of sales

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

	2017	2016
Container revenue	43,560	39,529
Landing fees	31,676	31,148
Cargo revenue	14,603	13,452
Port service revenue	12,145	14,458
Rental income	8,140	9,587
Income from duty free operations	4,528	5,025
Domestic water sales	848	973
Other revenue	866	697
Total	**116,366**	**114,869**

Cost of sales

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

	2017	2016
Depreciation and amortization expenses	39,507	37,575
Personnel expenses	14,329	13,789
Shopping mall expenses	3,250	3,360
Commission fees to government authorities and pilotage expenses	3,204	3,204
Replacement provisions	2,078	1,939
Security expenses	1,940	1,866
Repair and maintenance expenses	1,808	1,716
Subcontractor lashing expenses	1,624	1,415
Subcontractor crane expenses	1,408	1,368
Container transportation expenses	964	600
Insurance expenses	987	1,102
Fuel expenses	842	642
Energy usage expenses	747	786
Fresh water expenses	602	601
Port rental expenses	571	154
Waste removal expenses	192	215
Other expenses	1,495	1,751
Total	**75,548**	**72,083**

8 Other expenses

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

	2017	2016
Project Expenses (*)	11,999	2,686
Concession fee expense	1,629	497
Taxes other than on income	--	6
Donations	26	--
Provisions	83	207
Tax amnesty expenses	--	1,280
Other	703	832
Total	**14,440**	**5,508**

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

9 Selling and marketing expenses

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

	2017	2016
Advertising and promotion expenses	656	562
Commission expense	386	--
Personnel expenses	183	180
Travelling expenses	42	48
Representation expense	29	13
Other expenses	--	5
Total	**1,296**	**808**

10 Administrative expenses

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

	2017	2016
Personnel expenses	4,214	5,591
Depreciation and amortization expenses	3,272	2,981
Consultancy expenses	2,300	2,879
Representation expenses	1,205	882
Taxes other than on income	662	732
Travelling expenses	543	687
Communication expenses	275	252
IT expenses	271	260
Vehicle expenses	151	154
Office operating expenses	112	92
Insurance expenses	96	29
Stationary expenses	87	115
Rent expenses	77	70
Repair and maintenance expenses	42	50
Allowance for doubtful receivables	307	680
Other expenses	842	750
Total	**14,456**	**16,204**

11 Finance income and costs

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

Finance income	**2017**	**2016**
Foreign exchange gain	12,440	13,577
Interest income on marketable securities (*)	1,490	1,928
Interest income on related parties	--	891
Interest income on banks and others	808	568
Gain on sale of marketable securities	15	408
Interest income from housing loans	32	32
Other income	243	105
Total	**15,028**	**17,509**

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

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

Finance costs	**2017**	**2016**
Interest expense on loans and borrowings	25,598	26,153
Foreign exchange losses on loans and borrowings	12,606	4,793
Other foreign exchange losses	275	3,244
Other interest expenses	323	435
Letter of guarantee commission expenses	190	14
Loan commission expenses	79	53
Loss on sale of marketable securities	--	3
Other costs	721	577
Total	**39,792**	**35,272**

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 25,921 (31 December 2016: USD 26,588).

12 Property and equipment

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

Cost	1 January 2017	Additions	Disposals	Transfers	Currency translation differences	31 December 2017
Leasehold improvements	98,308	2,875	(163)	5,213	14,380	120,613
Machinery and equipment	41,212	2,281	(563)	9,468	633	53,031
Motor vehicles	16,849	252	(4)	--	1,480	18,577
Furniture and fixtures	7,387	567	(5)	28	701	8,678
Construction in progress	5,754	9,234	--	(14,762)	1,371	1,597
Land improvement	8	--	--	--	1	9
Total	**169,518**	**15,209**	**(735)**	**(53)**	**18,566**	**202,505**

Accumulated Depreciation	1 January 2017	Current charge	Disposals	Transfers	Currency translation differences	31 December 2017
Leasehold improvements	20,718	4,778	--	--	2,309	27,805
Machinery and equipment	22,345	3,839	(525)	--	387	26,046
Motor vehicles	7,178	1,465	--	--	482	9,125
Furniture and fixtures	3,511	1,052	--	--	300	4,863
Land improvement	1	--	--	--	--	1
Total	**53,753**	**11,134**	**(525)**	**--**	**3,478**	**67,840**
Net book value	**115,765**		**(210)**	**(53)**	**15,088**	**134,665**

12 Property and equipment *(continued)*

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

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

Accumulated Depreciation	1 January 2016	Current charge	Disposals	Transfers	Acquisition through business combinations (Note 6)	Currency translation differences	31 December 2016
Leasehold improvements	17,081	4,205	(15)	--	--	(553)	20,718
Machinery and equipment	19,033	3,417	(34)	--	--	(71)	22,345
Motor vehicles	5,865	1,460	(14)	--	--	(133)	7,178
Furniture and fixtures	2,687	1,117	(167)	--	--	(126)	3,511
Land improvement	1	--	--	--	--	--	1
Total	**44,667**	**10,199**	**(230)**	**--**	**--**	**(883)**	**53,753**
Net book value	**119,771**		**(38)**	**(499)**	**939**	**(3,125)**	**115,765**

12 Property and equipment *(continued)*

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

As at 31 December 2017 and 2016, 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 2017 and 2016, there is no capitalized borrowing cost on property and equipment.

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

13 Intangible assets

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

Cost	1 January 2017	Additions	Transfers	Disposals	Currency translation differences	31 December 2017
Port operation rights	579,520	--	--	--	36,891	616,411
Customer relationships	3,622	--	--	--	491	4,113
Software	592	529	--	--	35	1,156
Other intangibles	716	66	53	--	53	888
Total	**584,450**	**595**	**53**	**--**	**37,470**	**622,568**

Accumulated amortization	1 January 2017	Amortization expense	Transfers	Disposals	Currency translation differences	31 December 2017
Port operation rights	148,752	31,032	--	--	5,668	185,452
Customer relationships	2,492	323	--	--	358	3,173
Software	347	136	--	--	9	492
Other intangibles	217	154	--	--	5	376
Total	**151,808**	**31,645**	**--**	**--**	**6,040**	**189,493**
Net book value	**432,642**		**53**	**--**	**31,430**	**433,075**

13 Intangible assets *(continued)*

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

Cost	1 January 2016	Additions	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Port operation rights	581,908	--	--	6,561	(8,949)	579,520
Customer relationships	3,755	--	--	--	(133)	3,622
Software	381	51	--	136	24	592
Other intangibles	260	47	499	--	(90)	716
Total	**586,304**	**98**	**499**	**6,697**	**(9,148)**	**584,450**

Accumulated amortization	1 January 2016	Amortization expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Port operation rights	121,281	29,927	--	--	(2,456)	148,752
Customer relationships	2,270	317	--	--	(95)	2,492
Software	324	44	--	--	(21)	347
Other intangibles	152	69	--	--	(4)	217
Total	**124,027**	**30,357**	--	--	**(2,576)**	**151,808**
Net book value	**462,277**		**499**	**6,697**	**(6,572)**	**432,642**

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

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

14 Goodwill

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

1 January 2016	**12,860**
Exchange difference	(455)
31 December 2016	**12,405**
Exchange difference	1,683
Balance as at 31 December 2017	**14,088**

As at 31 December 2017 and 2016, the Group recognized goodwill related to the acquisition of Ege Liman, which has a functional currency of EUR, in its consolidated financial statements.

14 Goodwill (continued)

As at 31 December 2016 and 2017, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2032. The key assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in EUR. A pre-tax discount rate of 11% (2016: 11%) was used for discounting future cash flows to reporting date. The EBITDA growth rate was assumed at 17.1% for the forecast period from 1 January 2018 to the end of the concession period, 2032 (forecast period from 1 January 2017 to the end of the concession period: 9.7%%. Management believes that all assumptions used are reflective of management's experience and consistent with external sources of information.

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

15 Equity-accounted investees

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

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 Port within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprised of Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA. The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium, on 26 August 2014. The Group has a 46.2% effective interest in Port of Lisbon as at 31 December 2017. 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 2017 and 2016.

(**) 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. Singapore cruise port has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2017 and 2016.

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

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

15 Equity-accounted investees *(continued)*

At 31 December 2017, Venezia Investimenti, Port of Lisbon, Singapore Port and La Spezia are equity accounted investees in which the Group participates. The following table summarizes the financial information of Venezia Investimenti, La Spezia, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2017. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon, Singapore Port, Venezia Investimenti, La Spezia.

	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	--	38,248	28,880	2,802
Current assets	140	1,940	8,077	13,444
Non-current liabilities	--	--	(13,920)	(1,846)
Current liabilities	--	(174)	(5,687)	(6,191)
Net assets (100%)	140	40,014	17,350	8,209
Group's share of net assets	42	10,004	8,675	3,283
Carrying amount of interest in equity accounted investees	**42**	**10,004**	**8,675**	**3,283**
Revenue	--	233	5,881	14,981
Expenses	--	--	(3,946)	(11,175)
Profit / (loss) and total comprehensive income for the year (100%)	--	233	1,935	3,806
Group's share of profit and total comprehensive income	--	**58**	**967**	**1,523**

As of 31 December 2017, Singapore Port has current assets of USD 13,444, Port of Lisbon has non-current financial liabilities of USD 13,920 and cash and cash equivalents of USD 4,426 and Venezia Investimenti has cash and cash equivalents of USD 987.

For the year ended 31 December 2017, the Group's share of profit and total comprehensive income is set out below:

	Net profit
Venezia Investimenti	58
Port of Lisbon	967
Singapore Port	1,523
Group's share of profit and total comprehensive income	**2,548**

At 31 December 2017, Venezia Investimenti, Port of Lisbon, Singapore Port and La Spezia are equity accounted investees in which the Group participates. The following table summarizes the financial information of Venezia Investimenti, La Spezia, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2017. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon, Singapore Port, Venezia Investimenti, La Spezia.

	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	--	33,463	9,605	2,972
Current assets	123	1,708	6,279	7,428
Non-current liabilities	--	--	--	(2,314)
Current liabilities	--	(154)	(2,302)	(4,121)
Net assets (100%)	123	35,017	13,582	3,965
Group's share of net assets	37	8,754	6,791	1,586
Carrying amount of interest in equity accounted investees	**37**	**8,754**	**6,791**	**1,586**
Revenue	--	2,798	5,201	10,351
Expenses	--	(236)	(3,267)	(8,822)
Profit / (loss) and total comprehensive income for the year (100%)	--	2,562	1,934	1,529
Group's share of profit and total comprehensive income	--	**640**	**967**	**612**

15 Equity-accounted investees *(continued)*

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

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

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

16 Other investments

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

	2017	**2016**
Global Yatırım Holding bonds (*)	14,029	14,412
Time deposits with the maturity more than 3 months	223	190
Other financial assets	476	--
Total	**14,728**	**14,602**

(*) The Group has purchased Global Yatırım Holding's (the parent company) bonds. The bonds' maturity is 30 June 2021 with an annual nominal interest rate of 8% and nominal amounts of USD 13,944 thousand (31 December 2016: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 13,944 thousand). The Group had used its right to sell back all its bonds to Global Yatırım Holding as of 29 December 2017 and transaction was closed at 6 February 2018.

17 Taxation

Corporate tax

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

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

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

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

There is also a withholding tax on the dividends paid in Turkey and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15% as at 31 December 2017 (31 December 2016: 15%).

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

17 Taxation *(continued)*

Corporate tax (continued)

Turkey (continued)

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

Spain
The corporate tax rate for the year ended 31 December 2017 is determined at 25% (31 December 2016: 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.

Tax expense

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

	2017	**2016**
Current tax charge	(8,947)	(5,500)
Deferred tax benefit	5,348	4,575
Total	**(3,599)**	**(925)**

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

	2017	**2016**
Current tax liability at 1 January	**1,814**	**1,900**
Current tax charge	8,947	5,500
Currency translation difference	(416)	(1,108)
Taxes paid during year	(8,127)	(4,478)
Total	**2,218**	**1,814**

17 Taxation *(continued)*

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

	%	2017	%	2016
(Loss)/ Profit before income tax		(9,362)		5,330
Tax using the Company's domestic tax rate	20	1,872	19	(1,066)
Effect of tax rates in foreign jurisdictions	(8)	(755)	13	(710)
Tax effect of:				
tax-exempt income	7	689	(33)	1,824
unrecognized tax losses	(17)	(1,584)	54	(2,141)
permanent differences	(49)	(4,619)	49	(2,712)
non-taxable income	4	345	--	--
change in tax rate	1	(108)	--	--
Disallowable expenses	(3)	(300)	3	(179)
Tax return filed based on Creuers acquisition (*)	4	420	(56)	3,091
Donations	--	(7)	(21)	1,167
Other	--	448	--	(199)
		(3,599)		(925)

(*) A tax credit arose in BPI following a successful claim to the Spanish tax authorities to eliminate domestic double taxation arising on the 2013 and 2015 acquisitions of interest in Creuers.

17 Taxation *(continued)*

Deferred tax

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

Deferred tax assets and deferred tax liabilities as at 31 December 2017 and 2016 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	Other	Total
At 1 January 2016	2,316	1,347	355	(102,573)	(1,812)	(100,367)
Charge/(credit) to profit or loss	(202)	510	(131)	5,218	(820)	4,575
Acquisition of subsidiary	64	--	--	(1,317)	--	(1,253)
Exchange differences	(374)	(306)	(43)	1,958	432	1,667
At 31 December 2016	1,804	1,551	181	(96,714)	(2,200)	(95,378)
Charge/(credit) to profit or loss	(273)	(1,931)	128	7,199	225	5,348
Exchange differences	120	387	17	(8,524)	(154)	(8,154)
At 31 December 2017	1,651	7	326	(98,039)	(2,129)	(98,184)

17 Taxation *(continued)*

Deferred tax *(continued)*

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

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

Unrecognized deferred tax assets

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

Amounts recognized in OCI

	2017			2016		
In USD 000's	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**
Remeasurements of defined benefit liability	(23)	5	(18)	50	(10)	40
Foreign operations - foreign currency translation differences	41,531	--	41,531	25,181	--	25,181
Net investment hedge	(13,389)	--	(13,389)	(47,654)	--	(47,654)
Cash flow hedges	334	--	334	(186)	--	(186)
Total	**28,453**	**5**	**28,458**	**(22,609)**	**(10)**	**(22,619)**

18 Trade and other receivables

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

	2017	2016
Trade receivables	14,123	10,121
Deposits and advances given	13	12
Other receivables	1,566	1,789
Total trade and other receivables	**15,702**	**11,922**

As at 31 December, trade receivables comprised the following:

	2017	2016
Receivables from customers	14,123	10,121
Doubtful receivables	1,998	1,213
Allowance for doubtful receivables (-)	(1,998)	(1,213)
Total	**14,123**	**10,121**

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

	2017	2016
Balance at the beginning of the year	(1,213)	(508)
Allowance for the year	(866)	(733)
Collections	212	3
Translation difference	(131)	(28)
Written off during the year	--	53
Balance at the end of the year	**(1,998)**	**(1,213)**

As at 31 December 2017 and 2016, current trade receivables mature between 0-3 months.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 32.

Allowance for doubtful receivables is recognized in administrative expenses.

19 Other assets

Other non-current assets

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

	2017	2016
Advances given (*)	1,805	5,770
Prepaid expenses	44	41
Housing loans given to employees (**)	3,043	2,854
Deposits and guarantees given	13	35
Total	**4,905**	**8,700**

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

(**) 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.

19 Other assets *(continued)*

Other current assets

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

	2017	2016
Prepaid expenses	2,918	2,742
Advances given	799	919
Income tax receivable	--	1,505
Value added tax receivable	917	430
Housing loans given to employees	219	201
Other	2	--
Total	**4,855**	**5,797**

20 Inventories

As at 31 December, inventories comprised the following:

	2017	2016
Commercial goods	460	407
Other inventories	1,254	887
Total	**1,714**	**1,294**

Inventories of the Group consists 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.

The cost of inventories recognized as an expense during the year in respect of duty free operations run in Valletta Cruise Port was USD 2,590 (31 December 2016: 3,201).

21 Cash and cash equivalents

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

	2017	2016
Cash on hand	69	69
Cash at banks	48,239	44,241
- Demand deposits	*19,285*	*13,820*
- Time deposits	*9,646*	*30,308*
- Overnight deposits	*19,308*	*113*
Cash and cash equivalents	**48,308**	**44,310**

	2017	2016
Cash and cash equivalents at balance sheet	48,308	44,310
Less: Restricted cash	(7,583)	(5,954)
Cash and cash equivalents for cash flow statement purposes	**40,725**	**38,356**

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

	2017	2016
Up to 1 month	9,646	30,216
1-3 months	--	92
Total	**9,646**	**30,308**

21 Cash and cash equivalents *(continued)*

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

	2017	2016
Interest rate for time deposit-TL (highest)	13.25%	6.75%
Interest rate for time deposit-TL (lowest)	8.50%	6.75%
Interest rate for time deposit-USD (highest)	2.50%	0.35%
Interest rate for time deposit-USD (lowest)	2.36%	0.35%
Interest rate for time deposit-EUR (highest)	0.15%	0.75%
Interest rate for time deposit-EUR (lowest)	0.15%	0.75%

As at 31 December 2017, cash at banks amounting to USD 7,583 (31 December 2016: USD 5,954) 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 32.

22 Capital and reserves

a) *Share capital*

As at 31 December 2017, the Company's statutory nominal value of authorized and paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each. On 17 May 2017, shareholders of the Company 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 Company was as follows:

	As at 31 December 2017		As at 31 December 2016	
	Value of Share	Proportion of share %	Value of Share	Proportion of share %
Global Ports Holding PLC	33,828	100,00	--	--
Global Yatırım Holding A.Ş.	--	--	31,042	89.16
European Bank of Reconstruction and Development	--	--	2,786	10.84
Paid in capital (nominal)	**33,828**	**100.00**	**33,828**	**100.00**
Inflation accounting adjustment	8		8	
Inflation adjusted capital	**33,836**		**33,836**	

b) *Nature and purpose of reserves*

(i) *Translation reserves*

The translation reserves amounting to USD 150,459 (2016: USD 119,746) 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.

22 Capital and reserves (continued)

b) Nature and purpose of reserves (continued)

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit 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 2017, the legal reserves of the Group amounted to USD 13,012 (2016: USD 12,424).

(iii) Hedging reserves

Investment hedge

The Company has used its US Dollar Eurobond financing as a non-derivative financial item to hedge the US Dollar net assets of Port Akdeniz. As of 31 December 2017, the net asset value of Port Akdeniz amounts to USD 193,260, and the carrying value of Eurobond amounts to USD 252,585.

As at 31 December 2017, the effective portion of gain or loss arising from investment hedging instrument is recognised in other comprehensive income, net of tax loss amounting to USD 13,389 (31 December 2016: USD 47,654).

Cash flow hedge

The Group entered into interest rate swap in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of this instrument amounting to USD 334 (31 December 2016: USD 186) is recognized directly in equity at cash flow hedge reserve.

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

	More than 3 months but less than 1 year	5 years or less but more than 1 year	More than 5 years
Net cash inflows/(outflows) exposure			
Liabilities	274	636	25
At 31 December 2017	**274**	**636**	**25**
Net cash inflows/(outflows) exposure			
Liabilities	315	883	104
At 31 December 2016	**315**	**883**	**104**

22 Capital and reserves (continued)

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 2017, General Assembly of the Company decided to distribute USD 26,783 to its shareholders. Total amount declared in 2017 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 1,063 (In 2016, General Assembly of the Company decided to distribute USD 36,429, USD 1,821 of this amount was transferred to the legal reserves, USD 34,607 was distributed to its shareholders. Total amount declared in 2016 distribution is paid in cash. Other dividend distributions were made by Valletta Cruise Port to other shareholders, on which they have non-controlling interest, amounting to USD 819 and made by BPI to RCCL, on which it has a non-controlling interest, amounting to USD 2,192).

d) *OCI accumulated in reserves, net of tax*

	Attributable to owners of the Company					
	Translation reserve	Hedging reserve	Retained earnings	Total	NCI	Total OCI
2017						
Net investment and cash flow hedge	--	(13,055)	--	**(13,055)**	--	**(13,055)**
Foreign currency translation differences	30,880	--	--	**30,880**	10,818	**41,698**
Remeasurements of defined benefit liability	--	--	(18)	**(18)**	--	**(18)**
Total	**30,880**	**(13,055)**	**(18)**	**17,807**	**10,818**	**28,625**

	Attributable to owners of the Company					
	Translation reserve	Hedging reserve	Retained earnings	Total	NCI	Total OCI
2016						
Net investment and cash flow hedge	--	(47,841)	--	**(47,841)**	--	**(47,841)**
Foreign currency translation differences	27,776	--	--	**27,776**	(2,594)	**25,182**
Remeasurements of defined benefit liability	--	--	40	**40**	--	**40**
Total	**27,776**	**(47,841)**	**40**	**(20,025)**	**(2,594)**	**(22,619)**

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 2017;

	Ege Ports	Bodrum Cruise Port	Port of Adria	BPI	Cruceros	Valletta	Ravenna	Cagliari	Catania
NCI Percentage	27.5%	40.0%	36.2%	38.0%	50.4%	44.4%	46.3%	29.1%	37.8%
Non-current assets	37,707	5,762	67,416	136,694	15,149	101,575	548	3,487	3,410
Current assets	24,981	2,778	3,110	23,261	3,736	3,778	201	850	63
Non-current liabilities	(7,161)	(898)	(27,827)	(75,801)	(8,396)	(35,422)	(253)	(1,911)	(1,883)
Current liabilities	(10,801)	(953)	(1,771)	(9,285)	(1,570)	(4,582)	(139)	(744)	(309)
Net assets	**44,726**	**6,689**	**40,928**	**74,869**	**8,919**	**65,349**	**357**	**1,682**	**1,281**
Net assets attributable to NCI	12,300	2,677	14,820	28,450	4,495	29,015	165	490	483
Revenue	4,819	2,001	7,541	23,604	3,772	12,916	547	1,743	235
Profit / (loss)	77	(1,084)	(1,315)	3,320	(13)	2,585	8	102	(375)
OCI	5,344	870	5,034	8,615	1,066	7,684	28	(168)	(23)
Total comprehensive income / (loss)	**5,421**	**(214)**	**3,719**	**11,935**	**1,053**	**10,269**	**36**	**(66)**	**(398)**
Profit / (loss) allocated to NCI	20	(434)	(476)	1,263	(6)	1,187	3	30	(142)
OCI allocated to NCI	1,470	348	1,823	3,273	537	3,412	13	(49)	(9)

23 Non-controlling interests *(continued)*

The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2016;

	Ege Ports	Bodrum Cruise Port	Port of Adria	BPI	Cruceros	Valletta	Ravenna	Cagliari	Catania
NCI Percentage	27.5%	40.0%	36.2%	38.0%	50.4%	44.4%	46.3%	29.1%	37.8%
Non-current assets	31,159	6,007	55,919	128,747	13,883	91,115	85	762	252
Current assets	23,855	2,440	3,208	13,967	2,929	2,042	749	2,312	3,137
Non-current liabilities	(6,287)	(877)	(5,849)	(72,844)	(7,626)	(31,530)	(384)	(392)	(1,135)
Current liabilities	(9,423)	(666)	(16,069)	(6,936)	(1,320)	(4,240)	(128)	(933)	(574)
Net assets	**39,304**	**6,904**	**37,209**	**62,934**	**7,866**	**57,387**	**322**	**1,749**	**1,680**
Net assets attributable to NCI	10,809	2,761	13,473	23,915	3,964	25,480	149	509	635
Revenue	11,650	2,168	7,884	24,237	2,876	12,418	--	--	--
Profit / (loss)	3,865	(1,003)	(2,390)	4,296	(340)	1,733	--	--	--
OCI	(1,400)	(242)	(1,338)	(3,329)	(285)	(494)	--	--	--
Total comprehensive income / (loss)	**2,465**	**(1,245)**	**(3,728)**	**967**	**(625)**	**1,239**	**--**	**--**	**--**
Profit / (loss) allocated to NCI	1,064	(401)	(866)	1,633	(171)	808	--	--	--
OCI allocated to NCI	(385)	(97)	(484)	(1,265)	(143)	(220)	--	--	--

24 Loans and borrowings

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

Short term loans and borrowings	**2017**	**2016**
Short term portion of Eurobond issued	18,556	18,662
Short term bank loans	7,272	9,069
- TL Loans	*47*	*1,398*
- Foreign currency loans	*7,225*	*7,671*
Short term portion of long term bank loans	17,571	13,710
- TL Loans	*339*	--
- Foreign currency loans	*17,232*	*13,710*
Finance lease obligations	1,479	1,541
Total	**44,878**	**42,982**

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

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

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

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

	2017			**2016**		
	Future minimum lease payments	*Interest*	*Present value of minimum lease payments*	*Future minimum lease payments*	*Interest*	*Present value of minimum lease payments*
Less than one year	1,589	(110)	1,479	1,677	(136)	1,541
Between one and five years	2,145	(230)	1,915	3,312	(397)	2,915
Total	**3,734**	**(340)**	**3,394**	**4,989**	**(533)**	**4,456**

24 Loans and borrowings *(continued)*

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

					As at 31 December 2017		
Loans and borrowings type	**Company name**	**Currency**	**Maturity**	**Interest type**	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds *(i)*	Global Liman	USD	2021	Fixed	8.13	250,000	249,444
Secured Loan *(ii)*	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	37,353	36,525
Secured Loan *(iii)*	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	6,477	6,378
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	10,807	10,600
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	17,538	17,515
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.75	613	613
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	4.40	186	186
Secured Loan	Ortadoğu Liman	USD	2018	Fixed	4.56	46	46
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	8.20	784	784
						323,804	**322,091**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2018	Fixed	5.90%	2,900	3,036
Unsecured Loan	Ege Liman	USD	2018	Fixed	4.50%	422	422
Unsecured Loan	Ege Liman	TL	2018	Fixed	15.39%	25	25
Unsecured Loan	Ege Liman	TL	2020	Fixed	15.84%	532	551
Secured Loan	Ege Liman	TL	2018	Fixed	16.77%	50	51
Secured Loan	Ortadoğu Liman	EUR	2022	Fixed	5.75%	5,471	5,516
Unsecured Loan	Ortadoğu Liman	USD	2018	Fixed	5.93%	3,707	3,768
Unsecured Loan	Bodrum Liman	TL	2018	Fixed	16.56%	72	47
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	EURIBOR + 4.00	2,872	2,819
						16,051	**16,235**
Finance lease obligations							
Leasing (ix)	Ortadoğu Liman	USD	2019	Fixed	7.35%	12	12
Leasing (x)	Ortadoğu Liman	USD	2020	Fixed	7.35%	853	853
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35%	1	1
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35%	141	141
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35%	60	60
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	1.96%	92	92
Leasing (ii)	Ege Liman	EUR	2020	Fixed	7.75%	1,889	1,889
Leasing	Ege Liman	USD	2018	Fixed	6.00%	12	12
Leasing	Ege Liman	USD	2020	Fixed	5.50%	334	334
						3,394	**3,394**
						343,249	**341,720**

24 Loans and borrowings *(continued)*

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

					As at 31 December 2016		
Loans and borrowings type	**Company name**	**Currency**	**Maturity**	**Interest type**	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds *(i)*	Global Liman	USD	2021	Fixed	8.13	250,000	249,210
Secured Loan *(ii)*	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	37,603	36,644
Secured Loan *(iii)*	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	6,376	6,307
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	9,389	9,614
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	20,609	20,546
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.75	604	604
Secured Loan	Ortadoğu Liman	USD	2016	Fixed	4.40	125	125
Secured Loan	Port of Adria	EUR	2017	Fixed	5.00	796	796
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	135	135
						325,637	**323,981**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	2,000	2,000
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	200	200
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	875	875
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.95	900	900
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	55	55
Unsecured Loan	Ortadoğu Liman	USD	2017	Fixed	4.95	3,100	3,100
Unsecured Loan	Ortadoğu Liman	TL	2017	Fixed	13.00	375	378
Unsecured Loan	Bodrum Liman	TL	2017	Fixed	15.60	509	509
Unsecured Loan	Global Liman	TL	2017	Fixed	13.00	256	256
Secured Loan *(ii)*	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,529	2,473
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	107	106
						10,906	**10,852**
Finance lease obligations							
Leasing *(v)*	Ortadoğu Liman	USD	2020	Fixed	7.35	1,150	1,150
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	231	231
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35	108	108
Leasing	Ortadoğu Liman	USD	2017	Fixed	7.35	96	96
Leasing	Ortadoğu Liman	USD	2019	Fixed	5.75	40	40
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	19	19
Leasing *(vi)*	Ege Liman	EUR	2020	Fixed	7.75	2,236	2,236
Leasing	Ege Liman	USD	2020	Fixed	5.50	480	480
Leasing	Ege Liman	USD	2017	Fixed	6.50	26	26
Leasing	Ege Liman	USD	2018	Fixed	6.00	46	46
Leasing	Ege Liman	USD	2017	Fixed	5.75	10	10
Leasing	Ege Liman	USD	2017	Fixed	6.00	14	14
						4,456	**4,456**
						340,999	**339,289**

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.
- The consolidated leverage ratio would not exceed 5.0 to 1. Excluding the consolidated leverage ratio breach, the Issuer and any Restricted Subsidiary will be entitled to Incur any or all of the following Indebtedness;
  - Indebtedness incurred by Global Liman (the "Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5,000;
  - 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;
  - 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; and provided further, that more than 50% in aggregate principal amount of any Port of Adria Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(ii) On 30 September 2014, BPI and Creuers have entered into a syndicated loan amounting to Euro 60.25 million. Tranche A of this loan, amounting to Euro 54 million, is paid every semester, at the end of June and December, the last payment being in 2023. Tranche B has been already paid for Euro 3.85 million as of 10 October 2014. Tranche C amounting to Euro 2,4 million has one-off payment in 2024. The interest rate of this loan is Euribor 6m + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, the shares of BPI and Creuers are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

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

24 Loans and borrowings *(continued)*

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

(v) On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port tugboat with the interest rate of 7.35% having the maturity of 16 July 2020.

(vi) On June 2014, Ege Liman has signed a finance lease agreement for port tugboat with the interest rate of 7.75% with the maturity at 2020.

(vii) Global Ports Europe BV entered into a loan amounting to EUR 22 million, in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, on May and November of each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement.

25 Trade and other payables

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

	2017	2016
Payables to suppliers	7,746	7,974
Expense accruals	2,657	1,178
Taxes payable and social security contributions	1,043	1,625
Advances received	1,001	880
Deposits received	794	351
Payables to personnel	391	1,348
Due to subsidiaries' other shareholders	308	187
Deferred revenue	216	124
Other	765	796
Total	**14,921**	**14,463**

The Group's average credit period for trade purchases is 45 days as of 31 December 2017 (31 December 2016: 47). 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 32.

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 1.25 for each period of service at 31 December 2017 (2016: USD 1.12).

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:

26 Employee benefits *(continued)*

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2017, 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 1.57 which is in effect since 1 January 2018 is used in the calculation of Groups' provision for retirement pay liability for the year ended 31 December 2017 (1 January 2017: USD 1.41). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2017	**2016**
Discount rate	4.56%	4.72%
Turnover rate for the expectation of retirement probability	94%-100%	90%-100%

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

	2017	**2016**
1 January	1,287	1,464
Included in profit or loss		
Current service and interest cost	253	172
Provision reversals	(625)	(2)
Included in OCI		
Actuarial losses/ (gain) /	23	(50)
Other		
Obligation acquired on acquisition of subsidiaries (Note 6)	--	14
Benefits paid	(127)	(229)
Foreign currency translation differences	125	(82)
31 December	**936**	**1,287**

27 Provisions

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

(*) The replacement provisions are related to the acquisition of Creuers in compliance with TOORA Contract, executed by and between Creuers and the Barcelona and Malaga Port Authorities (see Note 29 (c)). The Company is providing advance depreciation for any potential capital expenditure until end of the concession term, considering total concession term remaining at the date of any future investment is less than the useful life of fixed assets.

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

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

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

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

Current	As at 31 December 2017	As at 31 December 2016
Other	1,202	1,492
Total	**1,202**	**1,492**

27 Provisions *(continued)*

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

	2017	2016
Balance at 1 January	**18,036**	**14,590**
Provisions recognized on acquisition of subsidiaries (Note 6)	--	1,980
Provisions made during the year	2,512	3,211
Provisions used during the year	(1,237)	(1,524)
Unwinding of provisions during the year	591	528
Currency translation difference	2,381	(748)
Balance at 31 December	**22,283**	**18,037**
Non-current	21,081	16,545
Current	1,202	1,492
	22,283	**18,037**

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

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

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

	2017	2016
Profit attributable to owners of the Company	(14,406)	2,338
Weighted average number of shares	74,307,399	74,307,399
Basic and diluted earnings per share with par value of TL 1	(19.39)	3.15

29 Commitment and contingencies

(a) Litigations

There are pending lawsuits that have been filed against or by the Group. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for the possible expenses and liabilities. The amount of provision that has been accounted for as at 31 December 2017 is USD 315 (31 December 2016: USD 698).

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

29 Commitments and contingencies *(continued)*

(a) *Litigations (continued)*

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

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

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

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

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

Other legal proceedings

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

29 Commitments and contingencies *(continued)*

(b) Guarantees

As at 31 December 2017 and 2016, the letters of guarantee given comprised the following:

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

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

Other collaterals are disclosed in Note 24.

(c) Contractual obligations

Ege Liman

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

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

Ortadoğu Liman

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

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

29 Commitments and contingencies *(continued)*

(c) *Contractual obligations (continued)*

Bodrum Liman

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

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

Port of Adria

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

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

Barcelona Cruise Port

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

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

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

29 Commitments and contingencies *(continued)*

(c) Contractual obligations (continued)

Barcelona Cruise Port *(continued)*

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

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

Malaga Cruise Port

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

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

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

Valetta Cruise Port

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

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

A fixed rent is payable by CCT to the Port Authority in the sum of Euro 135,000.00 for each year during the concession period.

Cagliari Cruise Terminal

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

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

(d) *Operating leases*

Lease as lessee

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

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

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

For the year ended 31 December 2017 payments recognized as rent expense were USD 4,765 (2016: USD 1,164).

29 Commitments and contingencies *(continued)*

(d) Operating leases (continued)

Lease as lessor

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

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

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

During the year ended 31 December 2017, USD 12,669 (2016: USD 7,333) was recognized as rental income in the consolidated statement of profit or loss and other comprehensive income.

30 Service concession arrangement

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

The intangible asset 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.

Creuers pays occupancy and utilization royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity. On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions are recorded (Note 27).

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

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

30 Service concession arrangement *(continued)*

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

Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014, the Company arranged new guarantees in accordance with the new syndicated loan arranged (see Note 24), for which it pledged the receivables from the concession arrangements in favour of the lenders.

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

31 Related parties

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

Related parties	Relationship
Global Ports Holding PLC ("GPH PLC")	Parent Company
Mehmet Kutman	Shareholder of Parent Company
Global Yatırım Holding	Ultimate Controlling Party
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Ultimate Controlling Party's subsidiary
IEG Kurumsal Finansal Danışmanlık A.Ş.	Ultimate Controlling Party's subsidiary
Global Menkul Değerler A.Ş. ("Global Menkul")	Ultimate Controlling Party's subsidiary
Adonia Shipping	Ultimate Controlling Party's subsidiary
Naturel Gaz	Ultimate Controlling Party's subsidiary

All related party transactions between the Company 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	2017	2016
Global Yatırım Holding	307	29,058
Adonia Shipping (*)	1,030	1,066
Naturel Gaz (*)	74	69
Mehmet Kutman	24	26
Others	553	1,282
Total	**1,988**	**31,501**

(*) These amounts are related with the work advances. The charged interest rate is 9.75% as at 31 December 2017 (31 December 2016: 10.50%).

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	2017	2016
GPH PLC	3,573	--
Mehmet Kutman	191	204
Global Sigorta (*)	244	356
Global Menkul (*)	1	21
Other	47	--
Total	**4,056**	**581**

(*) These amounts are related to professional services taken. The charged interest rate is 8.50% as at 31 December 2017 (31 December 2016: 8.50%).

Transactions with related parties:

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

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

	2017		2016	
	Interest Given	Other	Interest Given	Other
Global Yatırım Holding	--	2	8	4
Total	**--**	**2**	**8**	**4**

As at 31 December 2017, the Group has Global Yatırım Holding bonds with a nominal value of USD 13,944 for a consideration of USD 14,029 (2016: Global Yatırım Holding bonds with a nominal value of USD 13,944 for a consideration of USD 14,412).

For the year ended 31 December 2017, the Group recognized interest income on these bonds amounting to USD 1,490 (2016: USD 2,819). For the year ended 31 December 2017, the effective interest rate was 8.35% (2016: 14.45%). For the year ended 31 December 2017, the Group accounted for a gain amounting to USD 15 from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (2016 a gain of USD 405).

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:

	2017	2016
Salaries	1,749	1,761
Bonus	255	34
Attendance fees to Board of Directors	122	253
Other	19	34
Total	**2,145**	**2,082**

32 Financial risk management

Overview

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

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

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

Risk management framework

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

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

Credit risk

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

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

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

Liquidity risk

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

The Group has access to funding sources from banks and keeps a certain level of assets as cash and cash equivalents required for daily operations of the Group entities. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy. Current and future loan needs of the Group are supplied by continuous accessibility of a sufficient number of high quality banks for major subsidiaries of the Group.

32 Financial risk management *(continued)*

Market risk

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

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

Currency risk

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

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

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

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. As at 31 December 2017 and 2016, the Group uses interest rate swaps to hedge its floating interest rate risk.

Operational risk

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

Capital management

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

	2017 (USD '000)	2016 (USD '000)
Gross debt	341,720	339,289
Cash and bank balances	(48,308)	(44,310)
Short term financial investments	(14,728)	(14,602)
Net debt	**278,684**	**280,377**
Equity	211,102	223,284
Net debt to Equity ratio	**1.32**	**1.26**

32 Financial risk management *(continued)*

Credit risk

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

	RECEIVABLES					
As at 31 December 2017	**Trade receivables**	**Due from related parties**	**Other receivables**	**Cash at banks**	**Financial investments**	**Total**
Net book value of financial assets not overdue or not exposed to impairment	9,780	1,988	1,540	48,239	14,728	76,275
Net book value of assets overdue but not exposed to impairment	4,343	--	39	--	--	4,382
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	1,998	--	--	--	--	1,998
- Impairment(-)	(1,998)	--	--	--	--	(1,998)
Maximum credit risk exposure at reporting date	**14,123**	**1,988**	**1,579**	**48,239**	**14,728**	**80,657**
As at 31 December 2016						
Net book value of financial assets not overdue or not exposed to impairment	9,630	31,501	1,798	44,241	14,602	101,772
Net book value of assets overdue but not exposed to impairment	491	--	3	--	--	494
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	1,213	--	--	--	--	1,213
- Impairment(-)	(1,213)	--	--	--	--	(1,213)
Maximum credit risk exposure at reporting date	**10,121**	**31,501**	**1,801**	**44,241**	**14,602**	**102,266**

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

	Trade receivables	
	As at 31 December 2017	**As at 31 December 2016**
1 to 30 days overdue	851	162
1 to 3 months overdue	1,418	42
3 to 12 months overdue	2,113	290
Total	**4,382**	**494**

32 Financial risk management *(continued)*

Liquidity risk

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

As at 31 December 2017

CONTRACTUAL MATURITIES	Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
NON-DERIVATIVE FINANCIAL LIABILITIES						
Banks loans	338,326	439,623	14,829	30,704	387,940	6,150
Finance lease liabilities	3,394	3,742	404	1,193	2,145	--
Other financial liabilities	1,576	1,576	--	--	1,576	--
Trade and other payables	12,270	12,693	2,676	9,595	422	--
Due to related parties	4,056	4,213	157	4,056	--	--

As at 31 December 2016

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	334,833	448,228	5,475	39,805	384,298	18,650
Finance lease liabilities	4,456	4,735	432	1,248	3,055	--
Other financial liabilities	1,684	1,684	140	--	1,544	--
Trade and other payables	10,486	10,486	1,854	8,632	--	--
Due to related parties	581	581	--	581	--	--

32 Financial risk management *(continued)*

Market risk *(continued)*

***Currency risk** (continued)*

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

As at 31 December 2017				
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	1,833	1,500	--	1,255
Non-current assets	**1,833**	**1,500**	**--**	**1,255**
Trade and other receivables	3,682	1,626	12	7,701
Due from related parties	659	86	--	2,159
Investments	12,455	11,894	--	2,116
Other current assets	941	35	--	3,414
Cash and cash equivalents	5,827	3,097	1,393	4,009
Current assets	**23,564**	**16,738**	**1,405**	**71,455**
Total assets	**25,397**	**18,238**	**1,405**	**72,710**
Loans and borrowings	56,828	52,164	3,656	1,085
Employee benefits	780	--	--	2,943
Non-current liabilities	**57,608**	**52,164**	**3,656**	**4,028**
Loans and borrowings	9,349	7,824	952	1,455
Trade payables	4,642	1,589	122	10,964
Due to related parties	867	--	--	3,270
Current tax liabilities	1,437	--	--	5,420
Provisions	286	--	--	1,078
Current liabilities	**16,581**	**9,413**	**1,074**	**22,187**
Total liabilities	**74,189**	**61,577**	**4,730**	**26,215**
Net foreign currency position	**(34,991)**	**(43,338)**	**(3,325)**	**46,497**

32 Financial risk management *(continued)*

Market risk (continued)

Currency risk (continued)

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

As at 31 December 2016				
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	3,341	1,500	--	6,481
Non-current assets	**3,341**	**1,500**	**--**	**6,481**
Trade and other receivables	1,233	705	--	1,855
Due from related parties	13,987	411	97	47,417
Investments	12,362	12,362	--	--
Other current assets	1,544	9	38	5,261
Cash and cash equivalents	26,174	2,336	22,040	2,123
Current assets	**55,300**	**15,823**	**22,175**	**56,656**
Total assets	**58,641**	**17,323**	**22,175**	**63,137**
Loans and borrowings	16,190	16,190	--	--
Employee benefits	722	--	--	2,541
Non-current liabilities	**16,912**	**16,190**	**--**	**2,541**
Loans and borrowings	6,490	5,350	--	4,014
Trade payables	5,068	156	2,727	7,172
Due to related parties	192	107	59	81
Current tax liabilities	1,589	--	--	5,593
Provisions	67	--	--	236
Current liabilities	**13,406**	**5,613**	**2,786**	**17,096**
Total liabilities	**30,318**	**21,803**	**2,786**	**19,637**
Net foreign currency position	**28,323**	**(4,480)**	**19,389**	**43,500**

32 Financial risk management *(continued)*

Market risk *(continued)*

Currency risk (continued)

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

Sensitivity Analysis

A 10 percent strengthening or depreciation of the US Dollars against the following currencies as at 31 December 2017 and 2016 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 2017	**PROFIT / (LOSS)**		**EQUITY**	
	Increase	**Decrease**	**Increase**	**Decrease**
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset / (liability)	(4,334)	4,334	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(4,344)**	**4,344**	--	--
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/(liability)	(398)	398	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	**(398)**	**398**	--	--
TOTAL (3+6)	**4,732**	**4,732**	--	--

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

32 Financial risk management *(continued)*

Market risk *(continued)*

Interest rate risk

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

Interest rate exposure			
		As at 31 December 2017	As at 31 December 2016
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	28,954	30,308
	Available for sale financial assets	14,728	14,602
	Amounts due from related parties	1,914	30,165
Financial liabilities	Loans and borrowings	(267,883)	(263,705)
	Other financial liabilities	(2,662)	(2,665)
		(224,949)	**(191,295)**
Effect of interest rate swap		(29,548)	(29,380)
		(254,497)	**(220,675)**
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(73,837)	(75,584)
Effect of interest rate swap*		29,548	29,380
		(44,289)	**(46,204)**

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

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2017, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 443 (2016: higher by USD 462) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 344 (2016: lower by USD 364).

32 Financial risk management *(continued)*

Fair values

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

	Note	As at 31 December 2017 Carrying Amount	As at 31 December 2017 Fair Value	As at 31 December 2016 Carrying Amount	As at 31 December 2016 Fair Value
Financial assets					
Cash and cash equivalents	21	48,308	48,308	44,310	44,310
Trade and other receivables	18	15,702	15,702	11,922	11,922
Due from related parties	31	1,988	1,988	31,501	31,501
Other assets	19	5,868	5,868	9,744	9,744
Other investments	16	14,728	14,728	14,602	14,602
Total		**86,594**	**86,594**	**112,079**	**112,079**
Financial liabilities					
Loans and borrowings	24	341,720	347,788	339,289	335,763
Other financial liabilities		2,662	2,662	2,665	2,665
Derivative financial liabilities		855	855	1,131	1,131
Trade and other payables	25	12,270	12,270	10,486	10,486
Due to related parties	31	4,056	4,056	581	581
Total		**361,563**	**367,631**	**354,152**	**350,626**

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

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

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

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

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

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

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

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	--	855	--	855

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

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.

32 Financial risk management *(continued)*

Reconciliation of liabilities arising from financing activities

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

			Non-cash changes						
	01/01/17	Financing cash flows	Translation reserves	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New finance leases	Other changes	31/12/2017
Bank loans (Note 24)	339,289	(9,204)	11,349	--	--	--	--	286	341,720
Loans from related parties (Note 31)	581	(133)	37	--	--	--	--	--	485
Other financing liabilities	2,655	(140)	147	--	--	--	--	--	2,662
Interest rate swaps	1,131	(389)	55	--	--	55	--	--	852

	01/01/16	Financing cash flows	Translation reserves	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New finance leases	Other changes	31/12/2016
Bank loans (Note 24)	351,149	(7,856)	(5,611)	604	--	--	--	1,003	339,289
Loans from related parties (Note 31)	701	(295)	175	--	--	--	--	--	581
Other financing liabilities	2,437	(120)	338	--	--	--	--	--	2,655
Interest rate swaps	953	(240)	(35)	--	--	345	--	108	1,131

33 Events after the reporting date

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. The 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law (To financial years, which start within the related year for entities appointed a special accounting period.). The rate will be applied in the first temporary tax period in 2018.

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