GLOBAL PORTS
HOLDING PLC

Ports & Cultures

Welcome

Global Ports Holding PLC
Annual Report 2018

Warm welcomes around the world

Welcome to the 2018 Annual Report of Global Ports Holding PLC (GPH).

It was an exciting year, strategically and reputationally. We made progress in consolidating our position as the world's largest independent cruise port operator.

Hello Havana

During the year we announced we had signed a 15 year management agreement for the operation of the cruise port in Havana, Cuba. This represents our first agreement in the Caribbean and marks an important step in the history of Global Ports Holding. We look forward to delivering a world class cruise port and a great cruise experience for all cruise passengers visiting Havana.

Case studies on page 4

Delivering a record year

We had a very good 2018, we delivered record revenue and record EBITDA.

Finance review on page 22

A truly global network

Who We Are

Global Ports Holding (GPH) is the largest independent cruise port operator in the world, operating or investing in 15 cruise ports in 9 countries and operating 2 strategically located commercial ports.

The Company was established in 2004 as an infrastructure investment vehicle of Global Investment Holdings (GIH). Since then, we have expanded to become the world's leading cruise port operator, with a prominent presence in the Mediterranean, Atlantic, Caribbean and Asia Pacific. In 2017, we successfully IPO'd on the London Stock Exchange. We followed this in 2018 with our first expansion of cruise operations into the Americas with the signing of a management agreement for Havana Cruise Port, Cuba, and we also signed a concession agreement for Zadar Gazenica Cruise Port in Croatia.

What We Do

Our cruise port business

GPH serves the needs of the world's cruise lines, ferries and megayachts through a strategically located network of 15 cruise ports in 9 countries. We offer our customers and their passengers leading levels of service tailored to their needs, delivered with leading standards of safety, security and performance worldwide.

We welcomed more than 3,508 calls by cruise ships and handled over 8.4 million cruise passengers in 2018. Over the year, our cruise ports business generated 44.0% of the Company's revenue and 41.5% of our segmental EBITDA. We continued to develop our ancillary revenues from sources such as area & terminal management, vessel & port services and destination & shoreside services throughout the year.

Our commercial business

GPH operates two strategically located ports handling commercial business.

Port Akdeniz-Antalya, located on southern Turkey's Mediterranean coast, is one of Turkey's leading container export traffic ports.

We are also the majority owner of the Port of Adria in Montenegro, an important link in the chain of intermodal transport in the Balkan region.

Combined, these two ports handled around 237k TEU and 1,478k tonnes of throughput in 2018. Together, they generated 56.0% of revenue and 58.5% of our segmental EBITDA in the reporting year.

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2018 highlights

Welcome to the 2018 Annual Report of Global Ports Holding PLC (GPH).

The year marked significant progress by the Group. Our underlying business performed strongly, further strengthening our leadership position in the Mediterranean cruise market. With our first steps into the Americas, we also delivered on our stated aim seeking additional opportunities in new high-growth cruise areas.

17
Operates or invests in 17 ports worldwide

9
Across 9 countries

8.4m
Hosting 8.4 million passengers (including Equity Accounted Investee's passenger numbers)

2
Added two new ports to the portfolio, Havana and Zadar

Revenue (USD million)**
+7.2%

Segmental EBITDA (USD million)*
+12.7%

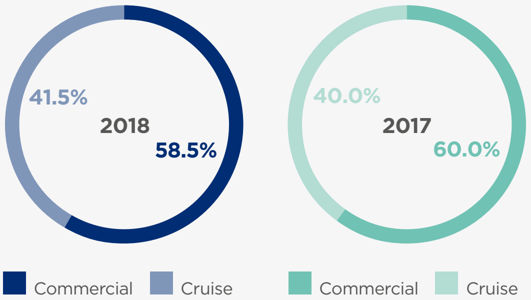
Segmental EBITDA margin (Commercial)*
292 BPS

Segmental EBITDA margin (Cruise)*
441 BPS

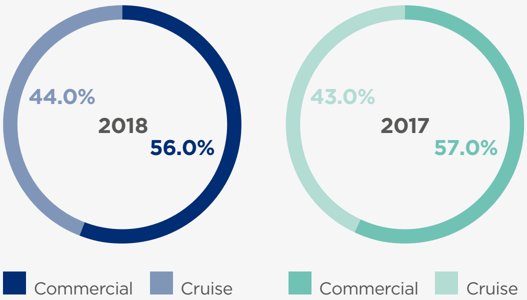
Operating profit (USD million)
+229.4%

Profit/loss after tax (USD million)
+150.6%

Segmental EBITDA breakdown



Revenue breakdown



* Please refer to the Glossary of Alternative Performance Measures on page 188 for the definition of these items.

** Following the Company's IPO, the consolidated results of Global Ports Holding PLC have been prepared under the merger accounting basis of preparation, which assumes Global Ports Holding PLC consolidates the results of the Global Liman Isletmeleri A.S. Group from 1 January 2017.

Record cruise passengers
In 2018 we welcomed 8.4 million cruise passengers to our ports, a record number.

New ports added
In 2018 we added two new ports to our portfolio, Zadar, Croatia and Havana, Cuba.

Record EBITDA
We delivered USD 83.7 million Adjusted EBITDA, which was a record for GPH.

Group highlights

- Record FY revenue of USD 124.8 million +7.2%
- Record Adjusted EBITDA USD 83.7 million up 11.2% on 2017
- Following the USD 17.7 million interim dividend (21.5p per share) paid in October 2018, the Directors proposed an additional dividend of USD 17.5 million 21.2 pence per share at the GBP/USD exchange rate on the 31 March 2019 to be declared by shareholders at the 2019 AGM. This would bring the total dividend in respect of the year to USD 35.2 million, or 42.7 pence per share
- Underlying profit for the period USD 26.6 million

Cruise highlights

- Record total cruise passenger volumes up 20.6% to 8.4 million from all ports including our equity associate ports of Venice, Lisbon and Singapore.
- Record consolidated and managed portfolio passenger volumes of 4.4 million, up 8.8%.
- Cruise passenger revenue of USD 54.9 million up 9.2% and Cruise Segmental EBITDA up 16.8% to USD 37.6 million
- Both La Habana and Zadar Gazenica Cruise Ports welcomed into our network during the year, adding our first cruise port in the Americas and further extending our portfolio in the Adriatic
- Bodrum Cruise Port concession extended to 2067

Commercial highlights

- A continued strong commercial performance, with Segmental EBITDA up 10.0% to USD 53.1 million
- Container volumes were down 9.2% and general bulk cargo volumes fell 5.1%
- New revenue and EBITDA from new services offset declines in cargo volumes
- Port of Adria delivered USD 3.9 million of EBITDA, up 112%
- Commercial EBITDA margin up 290bps to 76.0%

Current trading and outlook

- Current trading across both commercial and cruise segments remains positive
- Early indications suggest our Turkish cruise ports will report strong passenger growth in the year ahead
- Our non-Turkish cruise ports continue to trade in line with our expectations
- General & Bulk volumes are lower yoy in 2019 so far, but new revenues are expected to largely offset this decline
- We remain confident of further delivery of our inorganic cruise growth strategy in the year ahead
- Since the year end we have signed a concession agreement for a cruise port in Antigua and were selected as the successful bidder for Nassau Cruise Port, Bahamas.
- 2019 expected to show mid/high single-digit organic growth in revenue and adjusted EBITDA*

12.7%
growth in Segmental EBITDA


¡Bienvenida!

Welcome to

Havana, Cuba

Cuba is the largest island in the Caribbean. Havana, the capital city, is its major port and commercial centre and offers visitors a truly unique experience. Whether it is the beautiful avenues and promenades, the stunning and world famous architecture, the vibrant music scene or the famous local hospitality that warmly welcomes visitors, this spectacular city and country is fast becoming a must see destination for visitors.

We signed a 15 year management agreement for La Habana Cruise Port in Havana, Cuba during 2018.

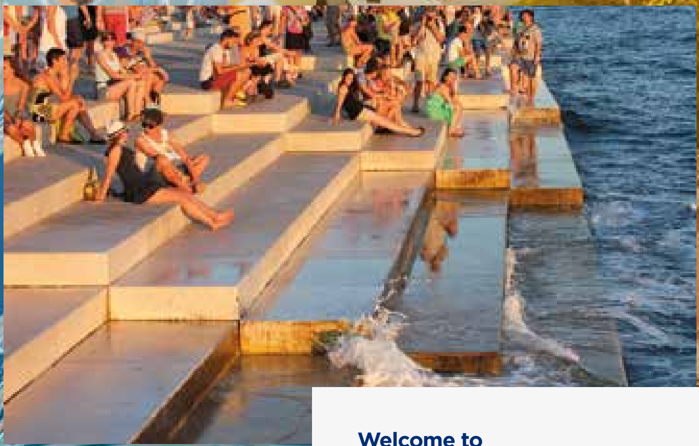
Welcome to

Barcelona, Spain

Few cities on earth have such a concentration of beautiful answers to traveller's wish-lists: climate, art, gastronomy, architecture, culture, nightlife, sport, fashion, contemporary style, beaches and a football team with an almost religious following. Combine this with a superb cruising experience that delivers you to our modern, welcoming port and the centre of the action, and Spain's second city lacks for nothing.

In 2018 we welcomed a record number of passengers to Barcelona.


¡Hola!

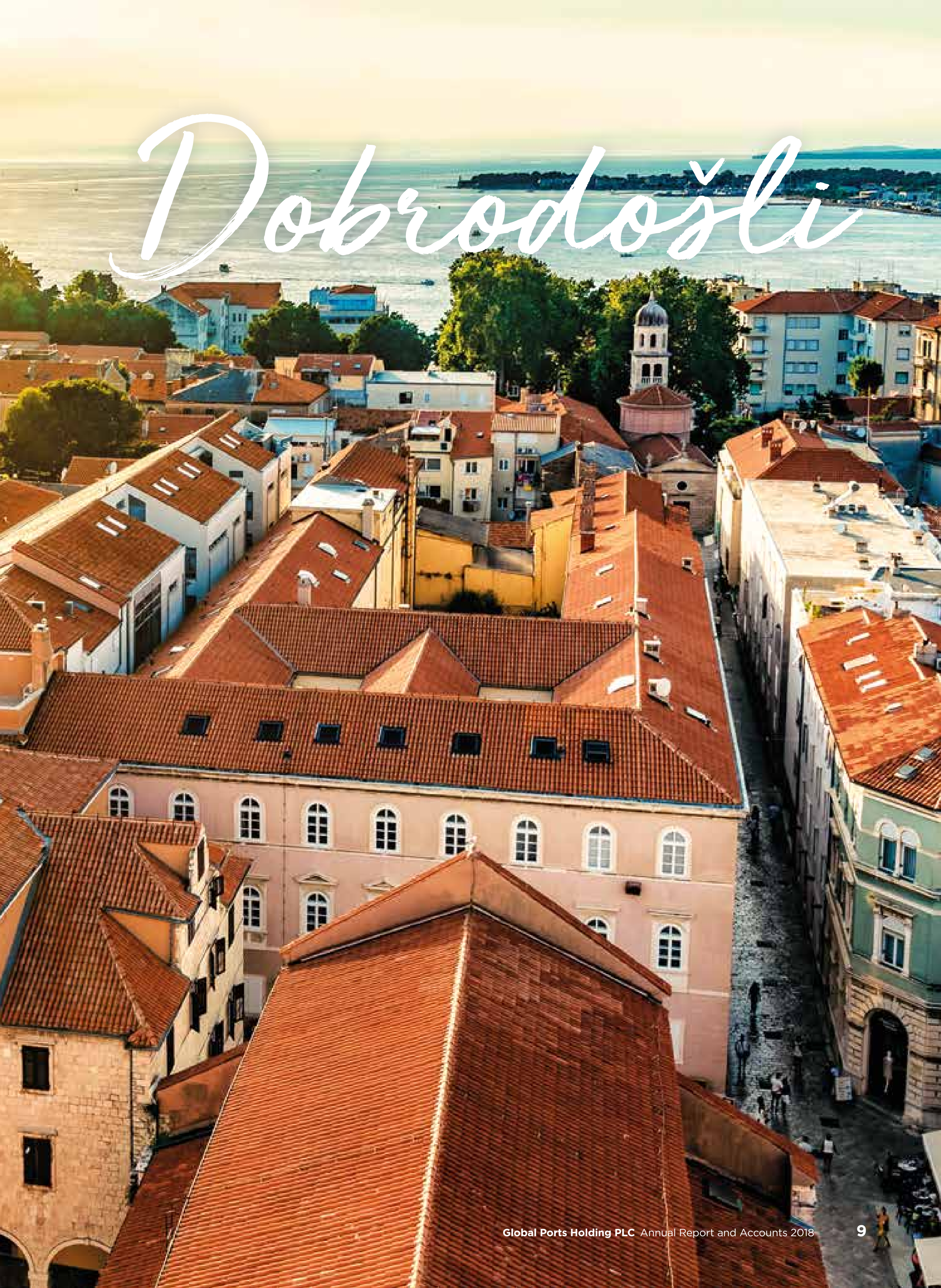


Welcome to

Zadar, Croatia

Zadar is a historical town on the Adriatic coastline in Croatia, it is well positioned near a number key cruise ports in the region, including Venice, and it offers cruise passengers an easily accessible old town with Roman ruins, medieval churches and 16th Century fortifications. While the surrounding areas offer a host of sites and activities for cruise passengers who wish to venture further afield.

In 2018 we signed a 20-year concession agreement for Gazenica Cruise Port in Zadar, Croatia.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A portfolio mapped for success

Since the Group was founded in 2004, we have steadily grown our portfolio of cruise and commercial ports. Today, we operate 15 cruise ports and 2 commercial ports in 9 countries, creating a unique port network.

During 2018, we were awarded the management contract for Havana Cruise Port, one of the most exciting and fastest growing ports in the world. We were also successful in gaining a cruise port concession for the Zadar Gazenica Cruise Port in Croatia. Both ports have now been onboarded into GPH's systems and approach, and we look forward to driving up both the quality of the passenger experience and the volume of passenger numbers in the years ahead.

Ownership

The table below shows the percentage ownership that GPH holds in our ports.
For more information on each, please see the individual port reports on pages 42 to 49 and page 59.

Italy	11.1%*	Venice Cruise Port
Italy	62.2%●	Catania Cruise Port
Italy	70.9%●	Cagliari Cruise Port
Italy	53.7%●	Ravenna Cruise Port
Spain	62.0%●	Barcelona Cruise Port Creuers Terminals
Spain	49.6%●	Málaga Cruise Port
Turkey	72.5%●	Ege Port, Kuşadası
Turkey	99.9%●	Port Akdeniz, Antalya
Turkey	60.0%●	Bodrum Cruise Port
Turkey	99.9%●	Antalya Cruise Port
Portugal	46.2%*	Lisbon Cruise Port
Malta	55.6%●	Valletta Cruise Port
Singapore	24.8%*	Singapore Cruise Port, SATS Creuers
Montenegro	63.8%●	Port of Adria, Bar
Montenegro	63.8%●	Bar Cruise Port
Croatia	100%●	Zadar Cruise Port
Cuba	Management agreement	La Habana Cruise Port

Cruise port
Commercial port

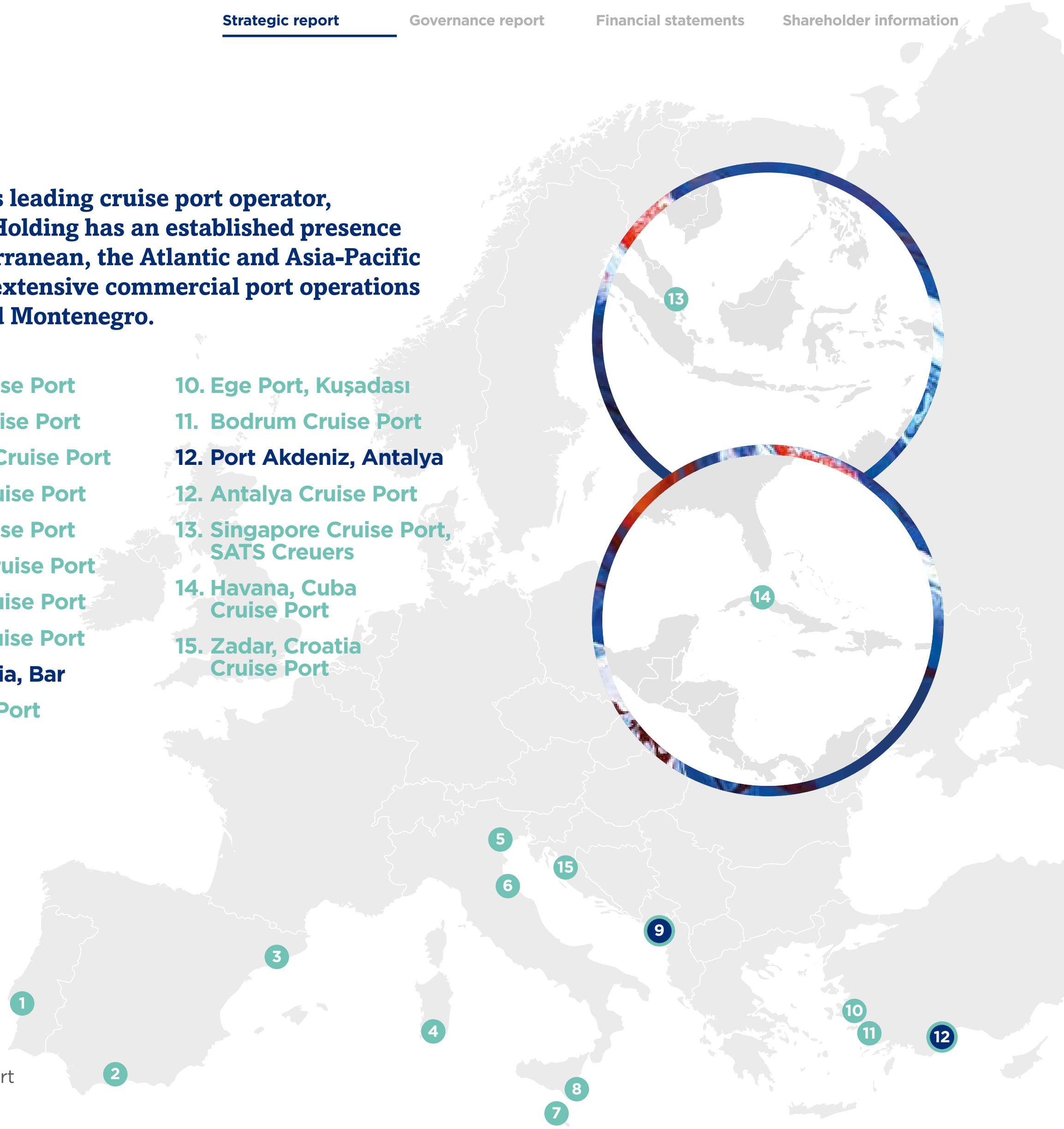
● Consolidated subsidiaries
* Equity accounted investee

Our structure

For information on our structure, please see page 58.

As the world's leading cruise port operator, Global Ports Holding has an established presence in the Mediterranean, the Atlantic and Asia-Pacific regions, and extensive commercial port operations in Turkey and Montenegro.

1. Lisbon Cruise Port
2. Málaga Cruise Port
3. Barcelona Cruise Port
4. Cagliari Cruise Port
5. Venice Cruise Port
6. Ravenna Cruise Port
7. Valletta Cruise Port
8. Catania Cruise Port
9. **Port of Adria, Bar**
9. Bar Cruise Port
10. Ege Port, Kuşadası
11. Bodrum Cruise Port
12. **Port Akdeniz, Antalya**
12. Antalya Cruise Port
13. Singapore Cruise Port, SATS Creuers
14. Havana, Cuba Cruise Port
15. Zadar, Croatia Cruise Port



- Cruise Port
- Commercial Port

Our key strengths

- **Unrivalled size and reach**. GPH owns and operates the largest independent cruise port network in the world. Our presence and track record in the Mediterranean represents a barrier to entry for aspiring competitors.
- Long-term revenues. The concessions we operate have, on average, 14 years' cash generation ahead of them.
- Year-on-year expansion. The cruise sector is growing, vessels are getting larger, and demand for new and comprehensive port services continues to rise.
- Scope for ancillary revenues. Each year we welcome 4.4 million passengers – and rising. Opportunities for retail, passenger services and advertising revenues are growing exponentially.
- A single, effective Group. Our unified approach opens up attractive tariff, investment and concession structures.
- The security of diversity. Our commercial cargo business harnesses our skills in wholly separate markets, and generated 56% of our revenues in 2018.
- **Low capex demands**. GPH has a low or negative working capital requirement and our ports demand only modest maintenance capex.
- **We're strongly cash generative**. Our light capex model has consistently delivered strong cash conversion of over 80% in the last four years, helping to fund sustainable dividends.
- **Synergies**. As our network grows, we will achieve even greater economies of scale while delivering ever-better experiences for cruise lines and passengers.
- **A demonstrable market leader**. Under our roof we have a proven and dynamic management team, with deep experience in port investments, operations, business turnarounds and marketing.

A platform for continued growth

Cruise market growth

Whenever the fortunes of the cruise market are discussed, you don't have to wait long for the words 'full' and 'capacity'. For several years now, cruise lines have operated with maximum occupancy. In 2017 they carried 26 million passengers, and that became 27 million in 2018. Naturally, this continuing upward curve has driven demand for new ships, but the world's shipyards are already at 100% capacity, working their way through USD 65 billion worth of new orders to deliver over the next decade.

As we can attest, the cruise sector's popularity is a nice problem to have. The industry itself is seeing remarkable change, not least in the profile of its customers. Millennials are already regular cruisers, with Generation Z already set to surpass them, and quickly – they could be the largest consumer group as soon as 2020. Both share common characteristics: a strong desire for new experiences, exploration, destinations and cultures.

In turn, the cruise lines are reacting, with new ships, brands, concepts, food, design and entertainment to meet the demands of this totally new demographic of passenger.

Such is the momentum, and with every demographic also showing growth, I believe that demand in the cruise industry could hit 50 million passengers a year, provided that there are ships to carry them and upgraded port infrastructure to welcome them.

2018

In line with this market, Global Ports Holding achieved its own upward trajectory during 2018. We made significant progress against our strategic objectives. Although there is still much work to be done, I believe the business is well positioned to grow strongly from here, both organically and inorganically.

During the year, we were delighted to take our first steps into the Americas when we signed a management agreement for Havana's cruise port and bolstered our leading position in the Mediterranean cruise market with the concession for Zadar, Croatia. At the same time, the existing business delivered strong growth.

"In an industry with vast scope for growth, our business continues to consolidate its status as the world's largest cruise port operator."

Results

Whereas 2017 brought a number of unexpected challenges, 2018 has seen the business deliver record revenue and EBITDA, with both the Cruise and Commercial businesses making important contributions in the period.

Full year revenue was USD 124.8 million compared to USD 116.4 million in 2017. Adjusted EBITDA rose 11.2% year-on-year to USD 83.7 million. Profit before tax rose 181.8% year on year to USD 8.6 million.

Strategy

Global Ports Holding, as the largest independent cruise port operator in the world, is positioned both to drive and serve this growth. Our proven and dynamic management brings a wealth of experience to every port we operate, with know-how that can only come from operating such a sizeable network of ports. Similarly, our global operating procedures bring global best practice to each cruise port, and that's something that is hard to achieve as a singular facility.

We apply this deep knowledge to fully optimising the potential of each cruise port and destination. Our credo is based on a community approach with our local staff working alongside local stakeholders to create a unique and compelling proposition with the sharpest focus on the passenger experience. At the same time, the Group is committed to supporting local port communities through educational and other social programmes – a proud legacy of GPH's co-founder, Gregory M. Kiez.

During the reporting year, our successful inorganic growth brought two more important local ports into our portfolio. And there was more good news after the year-end as we've made further progress in the Caribbean; we signed a concession agreement in Antigua and Barbuda and were selected as the successful bidder for Nassau Cruise Port.

Elsewhere, we remain in negotiations over a number of potential new ports around the world. Negotiations remain complex and unpredictable, but we are hopeful of further expanding our portfolio within 2019.

In our Commercial business, our twin strategies of diversification and growth across the ports continued to deliver. During 2018, we were successful in further diversifying our volumes at Port Akdeniz by growing business in goods such as coal and silobas cement. Other developments included the successful signing of a support services contract with a new customer.

The reporting year also marked an inflection point for Port of Adria, with the positive impact of our recently completed capex programme and management actions leading to a step-change in EBITDA performance.

Although general and bulk volumes fell at Port of Adria during the year, TEUs increased. With the end result, that the port, aided by our new facilities and capabilities, delivered record EBITDA.

During 2019, we expect both commercial ports to achieve further diversification of their cargo volumes. For example, both ports are introducing RORO services in the year. Of course, the most important driver of our commercial volumes is the health of the global economy, and actions such as imposing trade barriers and tariffs – or indeed removing them – can have a direct bearing on the global trade. While our ports experienced a drop in volumes in Q4, we are confident that our push to diversify our revenues will largely offset any further weakness in volumes.

Governance

In our day-to-day operations we take our responsibilities towards safety and the environment very seriously, adhering to Group-wide policies and codes of conduct including the GPH Security Code and GPH Health, Safety and Environment policy, which we believe set industry benchmarks. Such policies are central to what we do and are designed to place the interests of our stakeholders, our people and our host communities at the heart of our business.

While the Company, as a standard listed company, is not required to adopt the 'comply or explain' regime of the UK Corporate Governance Code, published by the Financial Reporting Council, the Directors consider the principles and recommendations contained in the Governance Code and look to it for guidance. Although the decision was made to fully focus management resources during 2018 on enhancing Company value, it remains the intention of the Company to seek a premium listing and full compliance with the Governance Code. We have contacted external advisers, who have agreed to guide us on the steps to achieve that goal at the appropriate time. We are continuing to assess the Company's readiness in that regard, and I look forward to reporting on our progress next year.

Dividend

The directors have approved a final dividend in GBP of 21.2 pence per share, equivalent to USD 17.5 million, bringing the full year dividend to 42.7 pence per share or USD 35.2 million. Subject to shareholder approval, this will be paid on 5 July 2019 to shareholders on the register on 31 May 2019.

In closing, I would like to thank everyone at Global Ports Holding for their continued hard work and dedication to the business and our core values. I thank as well everyone in our host communities for their cooperative spirit and hospitality.

Not least, I also thank you – our shareholders – who support our vision and will share in our success.

We look forward to a further year of progress and delivery on our strategy in 2019.

Mehmet Kutman
Executive Chairman and Co-Founder

Our mission

Best operating model
To create the best operating model for ports, and continuously improve by learning from each other and integrating best practices across our facilities.

Best partner/service provider
To be the best partner to cruise lines, local governments, B2B partners and third party suppliers and our localities.

Best customer experience
To provide the best customer experience, both in port and inland.

Best expansion capabilities
To achieve the best M&A and induction capability in the sector, and the best value creation programme for the public.

Our values

Leadership and professionalism
We support clear direction, fairness, motivation, inclusive leadership, and cultivation of a high-performance environment.

Teamwork and collaboration
We promote a learning culture where we encourage each other to maximise and expand our capabilities.

Getting it done
We practice successful execution, resourcefulness, initiative, corporate entrepreneurship and ownership.

Integrity
We operate with honesty, transparency and open communication.

Cruise business model

GPH's cruise business model is focused on generating both organic and inorganic growth. Our organic strategy focuses on driving increased passenger volumes to our ports and growing our revenue yield per PAX through deploying our portfolio of services. Our inorganic strategy is focussed on investing in strategically chosen ports and enabling them to reach their full potential by harnessing our global best practice and experience to generate strong returns.

What we do

We report our cruise revenue based under two lines.

1. **Core port services:** revenue mainly derived from concessions, and from handling ships and their passengers and crew through terminal and marine services.

2. **Ancillary services:** revenue from vessel services, and terminal and area management.

We also break these services down into three key areas:
- vessel & port services;
- destination & shoreside services; and
- area & terminal management.

This focuses the type of service more closely to where we provide them at our ports.

All three of these key areas offer a portfolio of services, with each differing according to the terms of each port concession and the physical layout of the port.

We provide our services to cruise lines, passengers, cruise ships and crew, as well as to destination stakeholders such as tenants, partners/third party providers and cruise service providers. At certain ports, we also serve ferries and yachts.

Key inputs & drivers

Cruise passenger volumes

The most important aspect of our cruise operations, and the key to delivering organic growth, is cruise passengers. The fact that cruise lines tend to set itineraries 12-18 months in advance, gives us good short-term visibility on the most important driver of our business.

While the medium to long term outlook is supported by the rising number, and capacities, of cruise ships coming to the market out until at least 2028. As shown in detail in the Cruise Market report on pages 38 to 41.

Ancillary services

While terminal and marine services generate our core cruise revenue, growing ancillary services is also central to our business model, improving the profitability of ports through vessel services, area management services and destination and shoreside services.

Competitive advantage

The location of many of our cruise ports is a significant competitive advantage. They include some of the most enticing, must-see destinations in the world. The allure of these destinations cannot be replicated elsewhere. While within the destinations, the waterfronts surrounding our ports are nearly always already largely developed and carefully protected, making it unlikely that new competing ports would be permitted.

When we pursue new concessions, we believe our experience and know-how, coupled with global operating procedures, creates a distinct competitive advantage when compared to other potential operators.

Creating value and delivering for our customers and stakeholders

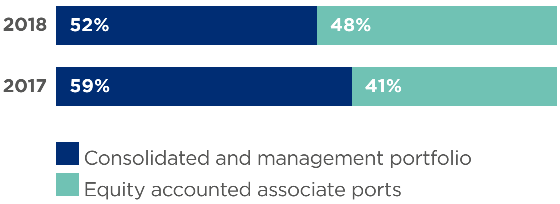
Our global operating procedures bring best practice to a port, learned and honed around the world, in a way a singular port would find hard to achieve.

We bring together local stakeholders with our local teams to create a compelling identity both for the port and its wider visitor experience, while our marketing team actively promotes each port and destination in our network to the cruise lines. And by addressing the needs of every stakeholder – passengers, cruise lines, ports, regulators and destinations – we create a virtuous circle with benefits for all.

Our mission and our values underpin our business.

Read more on **page 11**

Cruise passenger distribution



Our USPs

Size and scale
We are the world's largest independent cruise port operator.

A proven track record
Of transforming traditional cruise terminals and delivering excellent customer experiences.

Operational excellence
We excel at operating our ports, and run them professionally and safely. We understand the needs of all stakeholders and bring a mindful approach to developing destinations.

Modern infrastructure
We are significant investors in optimisation technology, including our proprietary GPH security code, cloud-based port operating systems, and state of the art terminal equipment.

An integrated cruise port network
Presenting a superior branded value proposition for all stakeholders.

Marketing and influential strength
Gained from our widespread network and partnerships. We are a natural partner for cruise lines due to our reputation as a leading and reliable port operator.

360° view
Our 360° view of the sector, and a sharp focus on the overall guest journey, positions us to develop services for even better customer experiences at every GPH port.

Our strategy

Read more about our strategy on **page 30**

Our stakeholders

Passengers
Passengers are the very heartbeat of our cruise port operations and our focus is to deliver a great experience at every port, every visit. We believe our focus on well-invested terminals complemented by the provision of a portfolio of ancillary services plays a key role in passenger satisfaction with both the port and destination.

Cruise lines
Cruise lines are both our customers and our partners. Our focus on global operating standards ensures a uniformity of the services and service levels that a cruise line experiences at our ports. At the same time, our well invested facilities and ancillary services help improve the satisfaction of their passengers.

Staff and contractors
The safety of everyone who works at or passes through our ports is the single most important priority, and no commercial or practical consideration is permitted to compromise it. During 2018 we introduced a new GPH Health, Safety & Environment policy based on international standards. Read more on these standards on pages 53 to 55.

Government
We work closely with local and central governments to help shape future policy that will enhance our ports' ability to contribute to government revenues. We drive economic growth in their local communities, both by attracting rising passenger volumes and through increasing the spend that passengers contribute to the local economy.

Local communities and local stakeholders
While tourism brings vital income, employment and multiplier effects that flow outwards to local communities, we are also sensitive to the wider needs of those areas and people.

We work hard to ensure that passenger numbers benefit the local economy, without putting undue pressure on the local environment and our HSE Manual lays down recognised procedures for protecting the environments in which we operate. Read more about our Environmental polices on pages 53 to 54.

Our ports regularly engage with and work with their local communities to raise funds and help local people and charities. You can read more about our Corporate Responsibility on pages 53 to 57.

Commercial business model

Our Commercial business generates the majority of its revenue from handling goods for export and import through our two dedicated ports. Our ports are focused on introducing new services and revenue streams to drive revenue and EBITDA growth, while at the same time seeking new cargo volumes to further diversify their business mix.

What we do

Commercial cargo generally falls into one of three distinct categories:

1. **Containers:** standardised intermodal containers are used for storing and moving materials and products. They are loaded and sealed intact onto container ships. Our ports handle containerised cargo for example marble, aluminium, cigarettes, fertiliser, furniture and frozen foods.

2. **Bulk cargo:** commodities that are transported unpackaged in large quantities. These cargos can either be dry bulk or liquid bulk. The dry bulk we handle includes coal, wheat and cement. To date we have not handled any significant volume of liquid bulk, but Port Akdeniz will be introducing certain hazardous liquid services in 2019.

3. **General bulk:** which tends to require special handling at the port and is typically transported in bags, boxes or crates.

Other sources: Our commercial ports offer a suite of additional services, including stuffing and un-stuffing containers, warehouse services, cargo weighing and other related terminal services.

Key inputs & drivers

Key inputs

The key input to our commercial operation is the volume of goods that we handle, and a significant proportion of this volume is driven by factors outside of our, and our main stakeholders', control.

The single most important driver of our commercial volumes is the health of global economic growth. Equally, the economic growth of the local region and hinterland of a port is also very important, with regional and global economic growth often operating at different speeds. Trade barriers and tariffs can have a direct bearing on volumes. While we cannot have a direct influence on global trade, our commercial ports work continuously on initiatives to help drive growth and diversify cargo volumes at our ports.

Costs

Cost control is also a vital component of our model and success. Staff utilisation is a key area of focus, using third parties and contractors to best match the ports' staffing needs day-to-day. We also focus on controlling and minimising our energy usage, which helps to reduce our emissions and carbon footprint as well as costs. However, nothing comes before the safety or quality of service at our ports.

Competitive advantage

The nearest competing ports to Port Akdeniz are over 300km away. This means that for many importers and exporters in our hinterland, the cost of transporting goods by road to and from these alternative ports is prohibitively expensive.

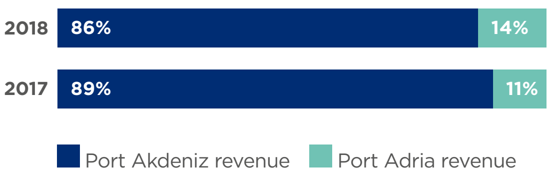
In addition, Turkey is estimated to hold 30-40% of the world's marble deposits and Port Akdeniz is located close to a significant number of these deposits, making it the natural port of choice.

Port of Adria has strong rail links to land-locked neighbour Serbia, and in particular to the industrial area around Belgrade. The port also has significant storage capacity, which allows it to act as a distribution centre for the region; something that no other nearby port can do as effectively.

Our mission and our values underpin our business.

Read more on **page 11**

Commercial revenue distribution



Our USPs

Operational excellence
We excel at operating our commercial ports, and run them professionally and safely. We understand the needs of all our stakeholders and bring a mindful approach to developing solutions and services that meet all their needs.

Modern infrastructure
We operate modern, well-invested and, most importantly, safe commercial ports. We are significant investors in our physical infrastructure, with state of the art plant, equipment and optimisation technology. This includes our proprietary GPH security code and rigorous health and safety procedures.

Continual refinement of services
We are continually looking to refine and introduce value-added services such as cargo weighing and storage, improving the solutions we deliver to our stakeholders while generating important extra revenue.

Cargo diversification and growth
We work with current and potential new stakeholders on new cargo solutions that can increase and diversify the volumes at our ports. For example, 2019 will see the introduction of liquid cargo handling at Port Akdeniz and new RORO services at both ports.

Our strategy
Read more about our strategy on **page 30**

Our stakeholders

Customers
We listen closely to our customers, both to meet their needs now, and to refine and develop new solutions as their business demands evolve in the future.

Exporters and importers
Our commercial teams regularly meet with major importers and exporters, domestically and internationally, to better understand their current and future needs.

Staff and contractors
Our commercial ports engage in heavy industrial freight processing, and the safety of our staff and contractors overrides any other practical or financial interest. During 2018 we introduced a new GPH Health, Safety & Environment policy. Read more about this policy on pages 53 to 57.

Government
Commercial ports are critical to a country's economic prosperity. We work closely with local and central governments to help shape future policy and regulation. This enhances our ports' ability to grow and, by extension, to contribute to government revenues.

Local communities
Our commercial ports provide support to many local manufacturers and producers, helping to sustain and grow their businesses, and therefore support local employment. We also drive significant direct and indirect employment through our ports. We are also committed to acting sustainably in our local environments; read more about our environmental management and safety on pages 53 to 54.

Other
Although our key customers are the global shipping lines, importers and exporters are important stakeholders and we work closely with them. We also work with forwarding companies, shipping agencies, customer brokers and other logistics companies.

A strong return to growth

A satisfying year. We added new cruise locations into the family, welcomed record passenger numbers and saw our commercial business break records.

I am pleased to report that we can reflect very positively on GPH's performance in 2018.

We not only successfully addressed various challenges from the previous year but took important steps to grow our physical reach. Most notably, we added our first port in the Caribbean through a management agreement for La Habana Cruise Port in Havana, Cuba, in line with our desire to diversify with an entry into the Americas.

We also strengthened our Mediterranean presence with our first port in Croatia (Zadar); launched genuinely innovative services; increased our margins; and delivered growth above expectations. I am also happy to report that our growth was broadly based, coming from both our Cruise and Commercial businesses.

Our headline financials were:
Full year revenue was USD 124.8 million compared to USD 116.4 million in 2017. Adjusted EBITDA rose 11.2% year-on-year to USD 83.7 million. Profit before tax rose 181.8% year on year to USD 8.6 million We are also equally pleased to have delivered on non-financial goals that we set out a year ago. These included implementation of group wide policies and guidelines, enhancing the retail experience in terminals and improved solutions for vessels.

Cruise

I am proud of our performance in Cruise, where we seized the opportunity of having record passenger numbers to convert into record EBITDA. While we added new ports to our portfolio for the first time since the IPO, we were also successful in extending our Bodrum concession by 49 more years out to 2067.

Indeed, during the year we refined our ancillary services into three separate categories: port services; retail and rental services; and passenger and destination services. We also introduced a new port service evaluation process, which we believe will allow us to better identify tailored services that we can introduce at each port, allowing us to offer an integrated service package to cruise passengers and cruise ships.

On the challenges side, the performance of Turkish cruise ports in 2018 continued

Our 2019 and medium-term goals

- To deliver mid- to high-single-digit organic growth in constant currency EBITDA
- Grow ancillary revenues across the portfolio
- Continue to take the cruise lines' and passengers' experience to new levels, through new service and design initiatives
- Continue delivery of new projects, incentives and investments to drive incremental revenue at our commercial ports
- Deliver three new port investments
- Make further progress towards our ambition of achieving a premium listing

to be impacted by the major cruise lines pulling out of Turkey in the previous year, due to geopolitical tensions. Our response has been one of 'active patience'. We have continued to invest in our facilities, and during the year we launched a concerted marketing campaign to the cruise lines. This has started to bear fruit; those players are now laying plans for a return to Turkey, and with reservations rising for 2019 we are looking ahead with confidence.

As for our own confidence in Turkey – we demonstrated this in the most emphatic way we know, by extending our Bodrum concession by 49 years, to 2067.

Actions like these, together with new locations in Havana and Croatia, continue to enhance GPH's breadth and depth. Indeed, following the year-end we signed a concession agreement for the cruise ports in Antigua and Barbuda, and are working towards full financial close. We have also announced that we have been selected as the successful bidder for the redevelopment and management of Nassau Cruise Port, Bahamas and are working towards signing a concession agreement and financial close with all parties.

Successfully adding both Antigua and Barbuda and the Bahamas to our portfolio of investments would increase our passenger numbers by over 4 million, representing a transformational moment for the group.

In addition, we are targeting at least one more additional cruise port investment in 2019, as well as securing concession extensions at a number of ports during the year.

GPH's cruise ports operate in a fundamentally attractive industry, benefiting from a number of structural growth drivers. The current cruise ship order book remains positive, providing a strong underlying growth rate in cruise passenger numbers for at least the next decade, while the long term trend for overall international tourism remains positive.

The long booking pattern for cruise holidays further increases the attractiveness of the industry, with economic and city based geo-political threats rarely having a noticeable impact on passenger volume. While the continued growth and emergence of middle classes in developing and emerging markets is creating further growth in the number of people who want to travel and enjoy new experiences.

Commercial

The reporting year witnessed another record performance from our Commercial business.

The strong EBITDA performance was driven by a number of factors. Port Akdeniz benefitted from the weakness in the Turkish lira due to the port's cost structure being around 70% in local currency, while revenues are almost all exclusively collected in US dollars.

Meanwhile, Port Adria grew EBITDA by 112% in due to the growth of the ongoing business and also revenues from project cargos in the first quarter. Indeed, both ports saw revenues boosted by the handling of project cargo during the year.

"The business has performed well in 2018, delivering strong operating performance and making good progress on the strategic objectives we set out at the time of our IPO."

During the year, our ports continued to add new services and to diversify their cargo exposure, for example Port Akdeniz opened additional warehouse space to drive incremental revenues and further deepen our customer relationships. We continue to work on further new initiatives that will drive incremental revenue. Port Akdeniz has been granted the necessary licence to handle hazardous liquids, and this service will start in 2019. While Port of Adria will introduce a new RORO operation for 2019 that will also help to diversify its offering.

Our commercial ports are not immune to the impact of macro-economic factors such as trade tariffs and their associated impact on global trade in general. While for most of the year we saw no significant impact from tariffs or slowing trade, we did experience a slowdown in the latter part of Q4. We continue to monitor developments closely and are alert to the risk of further weakness in volumes.

Outlook

For our Commercial business, the operating environment remains relatively stable. While cargo volumes fell in late Q4 and general and bulk volumes have started the year weaker than in 2018, the Turkish economy is however recovering from a challenging period and our continued push into diversifying our revenues means that we expect to largely offset any further volume declines. We look forward to building on the new diversified services we have developed, and to deepening our customer relationships.

For our Cruise business, the global backdrop remains extremely positive. The order books of the world's shipyards, with a record high of 124 new cruise ships being built for launch between 2019-2027, remains supportive of the global outlook for the cruise industry and cruise passenger volumes. In addition, the industry continues to attract new customers, both by nationality and demographic. For example, millennials are one of the fastest growing passenger segments of the cruise industry.

As the world's largest cruise port operator, we are uniquely positioned to benefit from this structural growth and, with our cruise line partners, to play an active role in enabling this growth.

We also see considerable opportunity for growth worldwide. There is a stark contrast, for example, between cruise ports and airports. While airports have undergone a significant transformation over the last two decades or so, cruise ports and their passenger-focused infrastructure have languished largely unchanged since the 1980s.

As a result, the majority of global cruise ports need both transformational investment and a step change in the experience and services offered to passengers and cruise ships. With our experience and know-how, we can play a key role in this development process.

In conclusion: we continue to grow in a buoyant cruise sector. We have attracted the fabulous locations of Havana and Zadar into our family, with Antigua close behind and Nassau selecting us as the successful bidder. Couple this with the good EBITDA performance and successful introduction of new services at our Commercial Ports and we look into 2019 and beyond with continued confidence in the prospects of the group.

Emre Sayin
CEO

Our milestones

2004
GPH established (commenced operations in Ege Port, Kuşadası in 2003)

2006
Acquired 40% stake in Port Akdeniz, Antalya

2008
Acquired 60% stake in Bodrum Cruise Port

2010
Acquired remaining stake in Port Akdeniz, Antalya (59.8%)

2013
- Acquired a minority stake in Creuers (Barcelona, Málaga and Singapore Cruise Ports)
- Acquired a 62% stake in Adria-Bar commercial port

2014
- Acquired remaining stake in Creuers (GPH stake 62%)
- Signed a concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)

2015
- Acquired a 55.6% stake in Valletta Cruise Port
- European Bank for Reconstruction and Development (EBRD) acquired 10.84% stake in GPH
- GPH awarded the Dubrovnik Cruise Port tender in partnership with BBI; pre-concession agreement signed

2016
- Acquired 44.5% stake in Venice Cruise Port as part of a strong consortium together with Costa Crociere, MSC Cruises and Royal Caribbean Cruises
- Acquired 53.7% indirect stake in Ravenna Cruise Port
- Acquired 62.2% indirect stake in Catania Cruise Port
- Acquired 70.9% indirect stake in Cagliari Cruise Port

2017
Global Ports Holding PLC made its debut on the London Stock Exchange

2018
- Awarded management contract for La Habana Cruise Port
- Signed a concession agreement for Zadar Gazenica Cruise Port, Croatia
- Reported record revenue and Adjusted EBITDA

A year of record performance

Group revenues increased 7.2% in the year to USD 124.8 million from to USD 116.4 million in 2017, an increase of USD 8.4 million, while Operating profit increased 229.4% to USD 35.9 million from USD 10.9 million in 2017. This was primarily due to the increase in revenue and a USD 12.2 million reversal of replacement provision for Spanish Ports. The revenue increase was driven by the revenue performance at both our Cruise and Commercial segments, as well as the favourable FX moves in the year.

The period resulted in profit after tax of USD 7.1 million a 150.6% increase on the Loss after tax reported in 2017 of USD 14.1 million.

Our Commercial operations performed well in the year, delivering revenue growth of 5.8% to USD 69.9 million. This revenue growth came despite a 9.2% decline in General & Bulk Cargo volumes and a 5.1% decline in container volumes in the year.

Commercial Segmental EBITDA increased 10.0% to USD 53.1 million, an EBITDA margin of 76.0%, a pleasing increase on the 73.1% reported in 2017.

Despite the weaker volumes, our commercial ports delivered such a strong performance due to the success of our strategy to diversify our revenues. Of particular note was the success of our oil drilling support services work, which performed well in the year and is creating potential opportunities for us to expand some of these services to other customers in the future. While at Port Akdeniz we also opened a new bonded warehouse and started offering associated services during the year.

Our cruise business reported an increase in Consolidated and managed portfolio passenger volumes of 8.8% to 4.4 million, while total passenger volumes, including those at our equity accounted associate ports increased by 20% to 8.4 million in the year.

Cruise revenue grew by 9.2% in the year to USD 54.9 million from USD 50.3 million in 2017. This growth was primarily driven by the strong performance at Creuers. Creuers reported a 5.1% growth in passenger volumes, with a favourable passenger mix between turnaround and transit, driving a 15.3% increase in revenue in the year.

"We have delivered a strong set of results and continue to invest in the growth and further development of the group."

Cruise Segmental EBITDA of USD 37.6 million was a 16.8% increase on the USD 32.2 million reported in 2017. Cruise Segmental EBITDA margin of 68.5% was a significant increase in the 64.0% reported in 2017.

This growth in Cruise Segmental EBITDA was driven by the performance from Creuers, which increased EBITDA by USD 2.2 million and the strong contribution from our Other Cruise, which grew EBITDA 70.8% to USD 8.3 million, from USD 4.9 million in 2017.

This strong growth in Other Cruise EBITDA was driven by the first time contribution of our management agreement in Havana and the contribution of our equity accounted associate ports (Venice, Lisbon and Singapore), which reported a pro-rata net income contribution at the Cruise Segmental EBITDA level of USD 5.6 million, up from USD 2.5 million in 2017.

Unallocated costs

Unallocated expenses, which consist of Holding Company costs, increased by 34.0% in the year to USD 7.0 million, from USD 5.2 million in 2017. This increase was primarily driven by a full 12 months of UK plc expenses compared to 2017 and an increase in senior management headcount during the year.

Adjusted EBITDA

This resulted in Adjusted EBITDA of USD 83.7 million an increase of 11.2% on the USD 75.3 million reported in 2017. This growth rate compares favourably to our stated guidance of high single digit growth.

Depreciation and Amortisation Costs

Depreciation and amortisation costs increased to USD 44.7 million in the year from USD 42.8 million in 2017. With this increase primarily due to increased leasehold improvements depreciation of USD 1.4 million, with a modest USD 0.6 million increase in port operation rights amortisation to USD 31.6 million from USD 31.0 million in 2017.

Specific Adjusting items

During 2018 specific adjusting items of USD (2.5) million comprised project expenses amounting to USD (9.6) million a decrease on the USD (16.3) million in 2017 and the reversal of replacement provisions of USD 12.2 million.

The replacement provision was related to an updated estimate of the likely capital expenditure required to replace the port equipment assets at our Spanish ports. This estimated expenditure was significantly lower than previous estimates, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of USD 12.2 million was released from the provision in 2018.

Finance Costs

The Group's net finance charge in the period was USD 32.9 million, an increase on the USD 24.0 million charge in 2017. This increase was primarily the result of the Turkish Lira Depreciation against USD in the year, the group has both a foreign exchange charge and gain associated with this.

The Finance charge increased to USD 60.9 million compared to a USD 39.8 million charge in 2017, this was primarily due to a non-cash loss when revaluing the Eurobond debt as this is issued by a Turkish Lira denominated, 100% owned entity within the group, along with non-cash revaluation losses on Turkish entities foreign currency dominated liabilities.

Finance income increased to USD 28.0 million due to non-cash revaluations gains on Turkish entities foreign currency dominated assets.

Net interest expense stayed relatively stable at USD 25.2 million compared to the USD 25.6 million expense in 2017. This is due to the fact that the group's gross debt at year end was relatively stable at USD 347.1 million compared to USD 341.7 million in 2017 and interest rates payable were also stable principally due to the fact the group's major borrowing, GLI Eurobond has a fixed interest rate.

Taxation

As a multinational business the group is liable for taxation in multiple jurisdictions around the world. Global Ports Holding is a multinational group and as such is liable for taxation in multiple jurisdictions around the world. The Group's tax charge for the period was USD 1.5 million compared to USD 3.6 million in 2017.

The lower tax rate compared to 2017 is principally due to movements related to deferred tax. On a cash basis the Group's income taxes paid amounted to USD 7.3 million compared to USD 8.1 million in 2017.

Capital Expenditure

Capital expenditure during the period was USD 14.8 million, an increase on the USD 13.9 million incurred in 2017. Notable areas of investment included USD 1.7 million on office and terminal improvement in Barcelona, USD 2 million in port operating rights for the extension in Bodrum, USD 4.4 million on enhancements to superstructure in Port Akdeniz, USD 3.3 million on enhancements to superstructure in Port of Adria. In addition, the group entered a strategic partnership with Dreamlines GmbH ('Dreamlines') during the year and concurrently provided a USD 10 million convertible loan note to Dreamlines.

Cash flow and investments

Cash generated from operations was USD 61.1 million during the year. Capital expenditure during the period was USD 14.8 million, an increase on the USD 13.9 million incurred in 2017. Dividends paid to equity owners totals USD 34.8 million during the year, comprising the final dividend in respect of 2017 of 17.1 million and the interim dividend in respect of 2018 of USD 17.7 million.

Debt

Gross debt at 31 December 2018 was USD 347.1 million compared to USD 341.7 million at 31 December 2017. The increase was mainly driven by a European Bank of Reconstruction and Development loan drawdown received by Port of Adria for the infrastructure investments, partially offset by a repayment of part of Barcelona Port Investments S.L (BPI) loan.

The Leverage Ratio as per GPH's Eurobond covenant requirement declined to 4.2x at 31 December 2018 (31 December 2017: 4.5x), vs a covenant requirement of 5.0x.

At 31 December 2018 net debt was USD 267.2 million compared to USD 227.5 million at 31 December 2017. This increase was mainly driven by the change in gross debt described above and cash used for investments and capex activity the year. The group's Net Debt/Adjusted EBITDA ratio was 3.2x times as at 31 December 2018 compared to 3.1x at 31 December 2017.

Dividends

Following a USD 17.7 million interim dividend (21.5 pence per share) paid in October 2018, on 31 March 2019, the Directors approved a final dividend equivalent to USD 17.5 million (21.2 pence per share) at the GBP/USD exchange rate on the 31 March 2019. This would bring the total dividend in respect of the year to USD 35.2 million or 42.7 pence per share.

Ferdağ Ildir
Chief Financial Officer

Risk management framework

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

Risk appetite

The level of risk we consider appropriate to achieve the Company's strategic objectives is regularly monitored by the Audit and Risk Committee, and is reviewed and validated by the Board every year. The appropriateness of mitigating actions is determined in accordance with the Board-approved risk appetite for the relevant area.

Risk management process

The risk management process begins with identifying significant risks by each function. Each is then assessed by taking into account the potential likelihood of a risk occurring, its impact, and the mitigations identified.

Each level of risk is cross-referred with the Board's risk appetite to determine whether further mitigations are needed. Risks that are specific to a function's activities are managed within the function on an ongoing basis, with regular follow-up by the internal audit function. The most significant risks from each function (based on materiality, or those which have common themes across the business) are reviewed by the Audit and Risk Committee. This Committee also supports senior management and the Board in the management of risks relating to key projects, third parties, countries and bases.

The Group's principal business risks are monitored and managed throughout the year by senior management, the internal audit function and the Audit and Risk Committee, which reports to the Board. This committee typically provides risk reports to the Board on a quarterly basis at least.

It provides advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why that period is regarded as appropriate. The Committee also advises on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a given period, drawing attention to any qualifications or assumptions as necessary. The committee also advises the Board on the Company's overall risk appetite, tolerance and strategy, current risk exposures and future risk strategy.

Principal risks and uncertainties

The risks and uncertainties described over the following pages are considered to have the greatest potential effect on GPH's strategic objectives now. This list is not intended to be exhaustive. The order in which risks are presented is not necessarily an indication of how likely they are to happen, nor their possible degree of impact on the Group's business, prospects, results of operation and financial position.

Additional risks and uncertainties that are not currently known, or which the Group currently sees as immaterial, may individually or cumulatively have a material adverse effect. Although the Company monitors risks and prepares for adverse scenarios, some are outside our control; for example, adverse weather, acts of terrorism, changes in government regulation and macroeconomic issues.

The risks summarised below relate to the Company, the Group, its industry and the Company's shares, and are those which the Directors believe to be the most material.

The group is exposed to four categories of risk

1. General risks;
2. Risks relating to the Group's cruise port operations;
3. Risks relating to the Group's commercial port operations; and
4. Risks relating to the Group's investments and strategy.

Movement

Unchanged
Decreased
Increased

Risk	Description	Mitigation/action
General risks		
The rights allowing the Group to operate its ports may not be extended, and could be terminated before they expire.	The Group operates each of its ports under long-term concession agreements, including Build Operate Transfer agreements, with the state owner of the port. The length of the concessions varies and the Group's agreements are granted for a fixed term. The Group's current agreements have remaining terms averaging 14 years (excluding potential extension periods). However, even if the Group maintains full compliance, its concessions can be terminated before they expire in certain exceptional circumstances. These include national emergencies, such as natural disasters, pandemics, disruptions of public order or other governmental actions that curtail fundamental rights and obligations. The concession terms of the Group's main ports that expire within the next ten years are: • Creuers Barcelona, WTC Wharf: 2026 with ongoing extension to 2050; and • Port Akdeniz, Antalya: 2028 with potential extension to 2047.	The Group has in the past taken, and may continue to take, formal legal processes relating to the extension of concession terms. For example, the Group recently extended the concession term of Bodrum Cruise Port from 2019 to 2067 following a legal process. The Group is currently legally engaged over a similar renewal of the concession terms for Port Akdeniz, Antalya and Ege Port, Kuşadası.
The Group is subject to an increasingly complex regulatory environment, and changes may negatively affect its business.	In addition to complying with the terms of its concession agreements and related licences and permits, the Group must satisfy a range of legal requirements, including corporate, maritime, customs, antitrust, administrative, property and environmental laws and regulations, under the jurisdiction of many regulators. Although the Group seeks to continue to comply with all applicable laws, regulations and agreement terms, failure to do so could result in: • significant fines, penalties and criminal sanctions for wilful violations; • increased regulatory scrutiny; • suspension of activities at a port; • reputational damage to GPH's brand; • default under financing agreements, including the Group's outstanding USD 250 million bond issuance; • judgements for damages, which may not be covered by insurance or are greater than insurance cover; • termination of, or increased premiums on, insurance policies; • difficulty in recruiting and retaining personnel, particularly where any non-compliance relates to matters affecting its employees; and • the representatives, Directors or managers of the relevant Group Company being subject to a fine or imprisonment.	Through our internal audit practices, we review our ports to ensure our obligations are being met, while our senior C-level management team takes an active role in ensuring that our ports are adhering to their obligations. In addition, we have a Group legal team, expanded in 2018, to help manage these risks. At the port level, the management teams tend to be local people, fully conversant with their country and language, and with a detailed knowledge of applicable local regulations through regular contact with regulatory authorities and other stakeholders. In addition, we take local external legal advice as and when required.

Risk	Description	Mitigation/action
General risks continued		
Reputation risk due to fraud and bribery.	GPH has a zero-tolerance policy on corruption of any sort. In addition to being illegal, it has the potential to bring harm to our business and reputation; for example, by excluding the Group from PPP tenders.	Our Anti-Bribery and Corruption Policy is an integral part of the Company's directives and/or policies that have been approved by the Board of Directors. At the outset of any business relationship, we provide our staff and business partners with this policy and other regulations, guidelines and/or policies, and ensure the timely delivery of any updates. The Group has also adopted a Code of Ethics that is intended to improve service quality; promote the effective use of resources; prevent unfair competition; organise relationships among employees; and set standards for fraud prevention.
Port operations carry inherent risks, and the Group may not be fully covered by its insurance.	Cruise port and commercial port operations carry inherent risks, which can include the possibility of marine accidents, including ships grounding, or colliding with piers; damage resulting from adverse weather conditions or natural disasters, such as earthquakes and flash floods, or from other causes such as the failure or improper operation of machinery and equipment; security breaches and other criminal or malicious acts; and business interruptions caused by mechanical failure, human error, war, terrorist attacks, political action in various countries and labour strikes. Travel disruptions affecting cruise lines may reduce the number of passengers travelling through the Group's cruise ports. The volume of cargo may also be reduced by disruptions in rail, trucking and other methods of transporting goods. The Group also has to make occasional interruptions to port operations for routine maintenance, refurbishment or construction, and such downtime may take longer than anticipated.	The Group has actively studied actions that are within its control to pre-empt and mitigate these types of operational risks. We have formalised these actions and principles into the GPH Security Code and GPH Health, Safety & Environment policy. Both were published in 2017. In addition, we carry out a security audit through our internal audit department.
Risks relating to cruise port demand		
Demand for cruise port services is sensitive to macroeconomic conditions.	The Group's cruise port operations depend on consumer demand from cruise passengers, who mainly originate from developed economies: in particular, the United States, the United Kingdom and Germany. Economic uncertainty and the spending power of these passengers are influenced by factors beyond the Group's control, including local and global economic conditions, employment and discretionary income, and tax or interest rate fluctuations. Any or all of these factors may have an impact on the demand for cruises and cruise passengers' spending and may negatively affect the Group's revenue and profitability. If there is an impact, the long lead-times for cruise programmes means there may be a lag before a general recovery translates into additional passengers at our ports.	Experience has shown that even in the financial crisis in 2007/2008, cruise bookings remained resilient. The long lead times of cruise bookings compared with land-based holidays means that cruise holidays are often booked way ahead of an event that could reduce demand. If required, cruise lines can also reduce pricing in order to fill their ships and maintain passenger volumes, although this does not impact cruise ports. In more extreme cases cruise lines can re-deploy ships to other regions. However, GPH gains revenues from its commercial as well as cruise port operations, assisting to offset this type of risk, while our strategy of diversifying geographically into new regions and ports will also reduce the impact.

Movement
Unchanged
Decreased
Increased

Risk	Description	Mitigation/action
Risks relating to cruise port demand continued		
Duty-free and ancillary revenues may be affected by economic or regulatory changes. (Unchanged)	The Group's cruise port revenues rely, in part, on duty-free and other sales to passengers. The Group's performance is therefore influenced by passenger spending habits and traffic. Both are sensitive to general economic trends, consumer confidence, and credit, interest and exchange rates.	GPH management actively tracks duty-free operations, including those operated by third parties, and focuses on increasing passenger satisfaction inside the terminals. In 2018 we took steps to develop port-specific models and improve our retail facilities at Ege Liman, and to completely refurbish our retail areas in Barcelona, Lisbon and Málaga. GPH also protects against the effects of decreasing passenger numbers on revenues by agreeing minimum guaranteed rents with third-party retail tenants. We continually monitor passenger satisfaction and use passenger feedback to influence our new services and products.
Demand for cruise port services can be influenced by trends and perceptions beyond the Group's control. (Unchanged)	Passenger demand for cruise holidays may be negatively affected by factors outside our control. Examples include events that cause consumers to perceive that cruise travel is unsafe or undesirable, such as: • political or social unrest, or terrorist incidents; • the spread of contagious diseases; • the availability and pricing of other forms of travel or factors affecting the cost of cruise travel, including fuel and currency fluctuations; • changes in visa or other requirements making travel more difficult or expensive; • a perception that cruise travel has unacceptable impacts on the environment. The Board believes that the demand for cruising, and indeed other forms of leisure travel, is affected by passenger perceptions about safety. Accordingly, actual or perceived security issues, political or economic instability, terrorism, war and similar events may decrease demand for the Group's cruise ports, particularly if they affect: • the countries where the Group operates its ports (primarily Spain, Italy and Turkey); • countries of destination ports in cruise itineraries that include the Group's ports; and • the major source markets (primarily the United States, the United Kingdom and Germany). The Group currently operates mainly in the Mediterranean region, which has been affected by geopolitical crises.	Our Turkish cruise ports were negatively impacted by the decision of cruise lines to pull out of the country due to perceived geo-political risks. However, in general, cruise volumes have not been negatively affected at destinations that have suffered from acts of terror such as Nice and Barcelona. We believe our security measures are industry-leading, and we provide feedback to our stakeholders as well as hosting site visits to review security if stakeholders wish them. While GPH's business is primarily focused on the Mediterranean region, our expansion strategy is to invest in marquee ports in other important cruise regions such as the Americas, including the Caribbean. This will further diversify our exposure to individual ports and regional events.
The Group's cruise ports could face competition, primarily within the Mediterranean. (Unchanged)	GPH's management believes that ports compete primarily on the basis of their proximity to popular tourist sites, operational efficiency, shopping and amenities, and the perceived security of the port. There can be no assurance that long-term changes in cruise itineraries will not result in increased competition in the future, or that the Group's existing ports will continue to compete effectively. Existing or future competition could result in a reduction in cruise ship traffic, putting pressure on fee levels and, in turn, having a materially adverse effect on the Group's business.	We recognise that it is healthy for cruise lines and cruise passengers to have variety and choice when it comes to selecting cruise ports. Our new port investment strategy has been selective, choosing ports in marquee destinations (such as Barcelona, Havana, Venice, Lisbon, Kuşadası, and Valletta) which we believe are less susceptible to being replaced by others. We also believe that our global marketing, and philosophy of working with all stakeholders to improve the attractiveness of our cruise ports and destinations, acts as a competitive advantage.

Risk	Description	Mitigation/action
Risks relating to commercial port operations		
External factors may affect demand at the Group's commercial ports.	GPH owns two commercial ports, Port Akdeniz in Antalya and Port of Adria in Montenegro. Maintaining demand at these ports depends on certain factors we cannot influence, including the level of foreign trade volumes, the liberalisation of trade, and commodity and fuel prices.	Our central risk mitigation strategy is to diversify the cargo mix we handle and services we offer at Antalya, and to increase the volumes and diversify the cargo mix we handle at Port of Adria. Port Akdeniz is actively seeking to diversify, recently adding a new warehousing facility and introducing a RORO service for the first time. It is also targeting an increase in import volumes. At Port of Adria, we have introduced the new Block Train to help drive an increase in cargo handled to and from Serbia, and we are working with other stakeholders to improve the total supply chain.
Barriers to trade may adversely affect the Group's commercial ports.	The normal free-flow of goods can be interrupted by external factors such as international trade disputes, trade tariffs and additional restrictions on imports or exports.	Diversification is the priority action that we continue to take in order to mitigate this risk. By broadening our base of the export and import markets we serve, we can reduce the potential impact of country- or region-specific trade restrictions. In addition, some of the cargo we export via Antalya (in particular) includes materials that are essential for the construction industry. Many destination markets do not have sufficient levels of these materials and are therefore unlikely to take local protection measures. However, if actions such as trade barriers cause a general slowdown in the global economy, and global trade more generally, our ports could be affected.
The Group's commercial ports may face increased competition.	The success of any operation inevitably attracts interest from others, and our commercial ports may face competition.	For our port at Antalya, an external risk mitigation is simply geography. The nearest competitor ports are Izmir and Mersin/Işkenderun, but they are in most cases too far away to compete due to the high land transportation costs. Our hinterland also features the largest marble and mining reserves in Turkey, and clearly these will not move. We have also introduced a range of added-value services to sharpen the competitive edge of the port. Antalya is a major tourism centre and gaining permission to develop a further commercial port there would be difficult. Nevertheless, the Group monitors any development in this area. Our other commercial facility, Port of Adria, is Montenegro's main seaport. We do not know of any new port developments, but again we monitor closely for proposed plans. At both ports we could also, if necessary, offer volume-based discounting to attract and retain certain types of customers and cargos.

Movement

Unchanged
Decreased
Increased

Risk	Description	Mitigation/action
Risks relating to commercial port operations continued		
Safety and environmental risks specific to cargo handling.	Heavy industry such as cargo handling brings attendant risks of accidents, whether to people or to the environment.	In 2018 we introduced a Groupwide Health & Safety Manual, based on the following international standards: ISO 9001:2015 – Quality Management System; ISO 14001:2015 – Environmental Management System; and ISO 45001:2016 – Occupational Health and Safety Management System. The Group has also implemented a plan of environmental and social mitigation, prepared in line with EBRD's Environmental and Social Action Plan (ESAP). This ensures that the Group and every facet of its operations and assets are, in all material respects, in compliance with the provisions of all environmental and social laws.
Risks relating to investments and strategy		
The Group may not be able to achieve its growth strategy.	The Group's future growth strategy is predicated on being able to identify, and successfully invest in, additional cruise port operations.	We estimate there are currently 750 cruise ports operated under the authority of governmental organisations. In many cases these are operated inefficiently. This provides a large and wide variety of potential cruise ports that could be greatly improved as part of the GPH portfolio. As awareness of our brand and capabilities has increased among governments, cruise lines and the cruise industry in general, GPH is increasingly approached by local authorities seeking to discuss us taking over their cruise port assets. While some ports will have greater merit than others, we believe we are well placed to maintain our growth through high-potential new port investments.
The Group is exposed to risks related to integrating new ports.	Acquiring or investing in a new asset marks the beginning of a demanding journey. Successfully integrating a port and its employees into our culture, adopting our operations methodology and embedding our procedures and best practice are all vital components of the success of a new acquisition or port investment.	GPH has been acquiring and investing in ports for the last 15 years, and has a pipeline of clear prospects. We have a clearly defined induction process that has been tried, tested and refined. At the outset we have clear plans on human resources, operations, financial reporting, policies and procedures even before we take over a port. However, we always seek to learn from the local team's experience and expertise, as well as continually review and improve the onboarding process.
The risks of additional indebtedness.	Certain port investments or concession extensions could require increased funding, which could have an adverse effect on the Group's financial health; in particular, its indebtedness.	The Board and management monitor the Group's debt levels on a regular basis, using a range of financial metrics. The Group's ongoing capex commitments are low and we believe there is strong interest from a wide range of parties willing to provide non-recourse financing for many of our potential new port investments. We foresee an average of 65-80% debt-to-equity ratio for non-recourse, asset level financing, to limit the effect of indebtedness on our current operations. In addition, the Group has a high cash conversion rate on operations, with low working capital requirements.

Our strategy

Strategic pillars	Progress during the year	
1 Continued expansion Continued cruise expansion through targeted, disciplined new port investments in Europe, Caribbean and Asia. **See case study on page 32**	• Closed one port investment and one port management agreement in 2018	100%
	• Expanding into the Americas	100%
	• Completing the induction of H1 new port investments by 2018 year-end, and the rest in 2019	100%
2 Continued transformation Continued transformation of the traditional cruise terminal and customer experience to deliver growth and higher yield. **See case study on page 33**	• Implementation of GPH policies and guidelines; i.e., HSE policy and security code	100%
	• Continuous best practice sharing and benchmarking	100%
	• Planned infrastructure investment; i.e., terminal improvements	75%
	• Strategic plans to improve EBITDA margins and traffic	100%
	• Post IPO restructuring: LTIP, London office, recruitments	90%
3 Improved experiences Implementing B2C and B2B ancillary service opportunities that also improve passenger experience at GPH's cruise ports. **See case study on page 34**	• Develop our capabilities in providing destination services and strategic partnerships with cruise lines to offer value-added services to passengers	75%
	• Enhanced retail experiences in terminals	40%
	• Improved solutions for vessels e.g. water supply, equipment rentals etc	80%
4 Delivering growth and cash Delivering growth and cash from pre-paid concessions, low CAPEX requirements and diversification of revenue streams. **See case study on page 34**	• Integration of financial reporting; accounting systems, operating systems	50%*
	• Financial and procedural integration of the new port investments	50%**
	• Careful management for cash and profitability in commercial ports	100%
	* Hyperion implementation underway ** New ports still under integration	
5 Continued diversification Continued diversification of the business via organic growth on the commercial side. **See case study on page 35**	**Port of Adria, Bar:**	
	• Block train to Serbia	75%
	• Demand growth in Serbia due to new commercial office in Belgrade	70%
	• Potential deal with a line for feeder ships from their base port	0%
	• New RORO business	50%
	Port Akdeniz, Antalya:	
	• New warehouse	100%
	• Set up a logistics centre in Burdur and Isparta regions	100%
	• Growth-based incentive schemes for new trade through our port	0%

KPIs	Goal for 2019	Principal risks
Revenue (USD million): 2018 124.8 2017 116.4	• Closing up to three port investments within 2019	Legal and regulatory environment in respective countries Potential competition by private investors Conflicting agendas with major cruise lines in strategic ports Political opposition to concession awards
Adjusted EBITDA (USD million): 2018 83.7 2017 75.3 Accident reduction – No of incidents: 2018 16 2017 23	• Transform port retail infrastructure for improved experience and new revenue opportunities	Macroeconomic conditions Resistance to change by the industry Push back from the authorities Disagreements with sub concessionaires, tenants etc.
Cruise Segmental EBITDA (USD million): 2018 37.6 2017 32.2	• Continue development of our destination services offering • Further development of solutions for vessels	Changes in regulations Executional risks and lack of know-how in new areas such as ship agency services Misalignment with cruise lines Granting of relevant licences etc. from authorities Performance of partners
Adjusted EBITDA (USD million): 2018 83.7 2017 75.3	• Implementation of financial reporting and accounting systems across all current and any new ports • Continued careful management of cash and profitability at commercial ports	Geopolitical events that effect demand A complex regulatory environment where changes may negatively affect our profitability
Cargo Volume ('000 tonnes): 2018 1,629 2017 1,478 Container Volume ('000 TEU): 2018 237 2017 249	**Port of Adria, Bar:** • Commence RORO services • Demand growth from Serbia **Port Akdeniz, Antalya:** • Commence RORO services • Start hazardous liquid handling • Continued evaluation of potential logistic centre opportunity • Growth-based incentive schemes for new trade through our port	Foreign trade volume, the liberalisation of trade, commodity and fuel prices Trade barriers, restrictions on imports or exports, or trade disputes

Our KPIs

Read more about our KPIs on **page 36 to 37**

1

Continued expansion

A new port added to the portfolio

At GPH we continue to target ports where we can add value, by adding them to our global portfolio.

During the year we were therefore delighted to announce we had signed a 15-year management agreement for the operation of the cruise port in Havana, Cuba. The move also aligned with our stated intention to extend our interests into the Americas.

GPH will bring its global expertise to manage all aspects of the cruise port operations over the life of the agreement. We will be paid a management fee that is based on a number of factors including passenger numbers, with growth-based incentives. In addition, we will continue to work with our Cuban partners on the design and technical specification of the cruise port investment programme, including proposed new terminals. Once these have been completed, GPH will take responsibility for their marketing and commercialisation.

The agreement is part of a significant investment by Cuba into the port area and tourism infrastructure in Havana. We enter the port's story at an exciting time: its two berths welcomed around 328,000 cruise passengers in 2017, some 156% higher than in 2016.

Our role is to ensure this growth path continues, and with the facility expanding to six berths by 2024, the Havana port, and the allure of Cuba as a destination, offers exceptional potential. The port itself is situated in the heart of Havana and only a 30-minute drive from Jose Marti International Airport, making it an ideal homeporting destination. Indeed, in 2018 cruising contributed to Cuba's best-ever year for tourism.

This represents our first agreement in the Caribbean and an important step in the history of Global Ports Holding. The GPH team looks forward to working with our local partners and staff to drive continued growth, delivering both a world class cruise port and a great experience for passengers.

As for the wider network, we hope to add three new ports during 2019.

2

Continued transformation

Building on our IPO: LTIP, London office, recruitment

The Group launched an IPO in 2017 and its success represented a significant endorsement of our strategy. In 2018, our focus was on continued transformation, investing time and resources to create a robust platform and, critically, to find exceptional industry professionals to take us to the next level.

This process started with our central functions. During the reporting year we welcomed Mark Robinson as Chief Commercial Officer. Mark is an industry veteran with 30 years of cruise & tourism experience. Previously, he was President of Intercruises Shoreside & Port Services, a company he founded in 2003. We also welcomed Ece Gürsoy to the GPH team as our Chief Legal Officer, bringing with her a wealth of experience of project finance, infrastructure and private equity. Ece is based in our new London office which we opened in early 2018.

We were also delighted to bring Serafin Blazquez on board as Port Services Director. He brings extensive cruise port expertise from Intercruises Shoreside and Port Services, where he led the creation, development and management of a port agency network globally. We also strengthened both our Finance and Legal teams.

This investment in our central functions is not just about growth in 2018 or even 2019; it is about creating the correct platform for growth into the middle of the next decade. With this in mind, we also introduced a new Long-Term Incentive Plan (LTIP) that starts in 2019.

Further details are on pages 76 to 85.

3

Improved experiences

New vessel and port services

In 2018, we launched a service evaluation process at our ports, to identify potential new services that would be attractive to visiting cruise ships.

Some of these services could be new, while others are currently offered by external providers. We believe we can enhance the experience for cruise ships by creating an extensive integrated service package across our portfolio of ports.

Although some ports will vary, this package might typically include fresh water supply, port luggage services, stevedoring, custom brokerage, port agency and logistic services.

Indeed, we have already started to offer some of these services: in Valletta we provide fresh water and garbage disposal; meet and greet services in Barcelona and Málaga; and a logistics package in Lisbon comprising stevedoring, customs clearance and warehousing.

4

Delivering growth and cash

A high-margin business

GPH has come a long way, from a single port start-up in 2004 to the world's largest independent cruise port operator today, aided by a highly cash-generative business model.

Our operations, both at our cruise and commercial ports, today require modest working capital and low maintenance capex. This also holds true for the near-to-medium term. We have recently completed investment programmes right across our businesses, giving us ample capacity for sustained growth.

Our asset-light business is not onerous to maintain, since the port owners – typically, government or state agencies – are responsible for all maintenance below the water line, including tasks such as dredging.

The net effect of these positives is a high-margin model, with GPH enjoying a cash conversion rate of 80%-90%.

80-90%

cash generation

5

Continued diversification

Cargo volumes

During 2018, our commercial ports (Port Akdeniz, Antalya and Port of Adria in Bar, Montenegro) handled 1,478 tonnes of cargo. This comprised a diverse inventory of goods ranging from marble, cement, PVC and coal, to MDF, steel coils, timber and aluminium.

Our cargo operations bring an important balance and diversification to our portfolio, and in the reporting year they contributed USD 53.1 million of EBITDA to the Group. Although we are not actively seeking to grow the number of commercial ports we operate, we are targeting organic growth and further cargo diversification at both locations.

With this focus, Port Akdeniz put in place a new service in 2018. Working in partnership with a shipping line customer, we came up with a proposed RORO service from Antalya to Trieste, Italy. The aim is to provide an even better service, particularly in regard to transit times, for exporters and importers who are targeting the European market.

The new service launched in January 2019 and we look forward to welcoming the RORO service throughout the year, helping importers/exporters in our hinterland to grow their businesses within Europe.

For more information on Port Akdeniz and Port of Adria please turn to page 52.

58.5%

of Segmental EBITDA

53.1m

EBITDA (USD)

Key performance indicators

Financial KPIs		Strategic linkage	2018 performance
Revenue Calculated as revenue from all majority owned cruise and commercial ports and subsidiaries.	(USD Million) 2018 124.8 2017 116.4	1 3	Overall revenues during the year increased by 7.2% from USD 116.4 million in FY2017 to USD 124.8 million in FY2018.
Segmental EBITDA Cruise and Commercial EBITDA before HQ costs. Calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items.	(USD Million) 2018 90.7 2017 80.5	3	Segmental EBITDA rose 12.7% in the year, with 16.8% in Cruise and 10.0% in Commercial.
Adjusted EBITDA Segmental EBITDA less unallocated costs or 'HQ' costs.	(USD Million) 2018 83.7 2017 75.3	1 2 3 4	Adjusted EBITDA rose 11.2%. With unallocated costs rising 34%, reflecting 12 months of Plc costs and investment in HQ costs.
Operating profit Operating profit is profit for the year stated before the share of results of equity-accounted investees, finance income, finance costs and tax.	(USD Million) 2018 35.9 2017 10.9	1 2 3 4	Group operating profit for the year was higher at USD 35.9 million, primarily driven by the increase in revenue and the partial reversal of replacement provisions for Spanish cruise ports (USD 12.2 million).
Profit/Loss before tax Operating profit to be above Profit/(Loss) before tax.	(USD Million) 2018 8.6 2017 -10.5	1 2 3 4	Profit before tax rose primarily due to the improved operating profit performance in the year and the higher contribution from our equity accounted ports.
Adjusted EPS Calculated as profit/(loss) for the year after adding back: amortisation expense in relation to Port Operation Rights and any one-off expenses divided by the weighted average number of shares in issue.	(Pence per share) 2018 42.3 2017 47.6	1 2 3 4	Adjusted EPS fell during the year, primarily as a result of the increase in net finance costs driven by the non cash impact of FX movements.

Please refer to the Glossary of Alternative Performance Measures on page 118 for the definition of these terms.

Non-financial KPIs

Strategic linkage | 2018 performance

Number of passengers

Number of cruise passengers handled through our consolidated and management ports.

(Million)

2018	4.4
2017	4.0

Strategic linkage: 1

The number of cruise passengers at our consolidated and management ports increased 8.8% to 4.4 million.

Cargo volume

General & Bulk cargo volumes in tons handled at our commercial ports.

('000 tonnes)

2018	1,629
2017	1,478

Strategic linkage: 5

Cargo volumes fell by 9.2% in the year, reflecting weakness in Q4 at Port Akdeniz and Port of Adria.

Container volume

Container TEU throughput handled at our commercial ports.

('000 TEU)

2018	237
2017	249

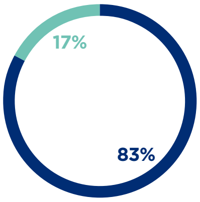
Strategic linkage: 5

Cargo throughput volume fell by 5.1% in the year, largely reflecting a drop in container volumes in Q4.

Gender

Percentage workforce that are females and males.

Female
Male



Strategic linkage: 2

As of December 2018 female employees accounted for 17% of the overall workforce.

Female workforce

Percentage breakdown of roles fulfilled by females in our workforce.

Female
Male

(%)

	Female	Male
Senior Management	29	71
Board of Directors	14	86
Full Workforce	17	83

Strategic linkage: 2

As of December 2018 female employees accounted for 29% for C-Suite senior management and 14% for Board of Directors.

Accident reduction

All of our ports monitor and record accidents, however minor. These records are for those accidents or injuries that resulted in an absence from work.

2018	16
2017	23

Strategic linkage: 2

We have reduced injuries at work by 27% in Port of Adria and 33% in Port of Akdeniz in 2018. The overall factor in this continued reduction is our safety culture awareness. Strong emphasis on training, techniques and procedures, and robust and constant reinforcement of the need for safety in everything we do.

Structural growth to continue for at least the next decade

Cruise lines and cruise brands

Although there are currently 75 cruise companies with 90 brands and 386 ships around the world, the global cruise industry is dominated by just four major groups: Carnival Corporation (42% of passengers worldwide), Royal Caribbean Cruise (23%), Norwegian Cruise Lines (9%) and MSC (8%). Between them, they control 82% of total worldwide cruise passengers.

All four major groups operate a portfolio of differentiated cruise brands across the world. This strategy has allowed them to target passengers across the different source markets, be that by demographic, life stage or geography.

While these groups constitute the majority of the market, the strong fundamentals and consistent rates of returns have encouraged a growing number of players to enter the market for the first time. While existing smaller players have taken steps to accelerate their development through increasing the number of ships in their fleet and expanding their geographic areas.

For example, the Genting Hong Kong brand had a global market share of 4.6% in 2018, but its planned fleet expansion in the next few years will increase passenger capacity by 62% by 2022. Meanwhile, Viking Cruises continues to expand and new entrants such as Virgin Cruises are scheduled to enter the industry shortly.

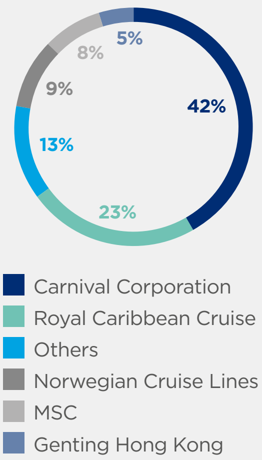
Resilient growth in cruise tourism

Cruise tourism has seen remarkable growth in the last decade or so, and it is equally impressive that this growth has been steady and relatively consistent. Indeed, its rise has continued unabated despite numerous downturns in more traditional land-based tourism during this period.

This is also true of the longer-term, with cruising shrugging off global macro headwinds such as wars in the Gulf, SARS, Asian Flu, the financial crisis and the rise of global terrorism.

As the industry looks at the next decade or so, cruise ship order books are at all-time highs globally, creating what

Market Share of Cruise Lines by Worldwide Passengers 2018



Source: 2019 State of the Industry Annual Report; Cruise Industry News

Cruise market source penetration

	%	Cruise PAX million	Population million	Penetration %
United States	44.6	11.9	326	3.7
China	9.0	2.4	1386	0.2
Germany	8.2	2.2	83	2.6
United Kingdom	7.2	1.9	66	2.9
Australia	5.0	1.3	25	5.4
Canada	3.4	0.9	37	2.5
Italy	2.9	0.8	61	1.3
Spain	1.9	0.5	47	1.1
France	1.9	0.5	67	0.7
Brazil	1.7	0.5	209	0.2

Source: BREA the Global Economic Contribution of Cruise Tourism 2017 for CLIA, World Bank Databank

"We are investing in our infrastructure and, by working closely with all our stakeholders, creating new and dynamic services that elevate the passenger experience."

4-5%
Annual global passenger growth rate

27m
Global passenger capacity

is in effect a structural growth bow wave for cruise passenger volumes.

In 2018, global passenger capacity stood at 27 million. The ship order book for the next decade indicates that by 2027 passenger capacity will have grown to 39 million, with cruise ships almost always sailing full due to long booking patterns, global source markets, strong distribution and, when required, dynamic pricing. The order book implies that global passenger numbers will grow at an average rate of around 4-5% per annum for the next decade.

This structural growth, driven by committed orders, is very similar to the model seen in the global aviation market. However, aviation's passenger numbers have been far more volatile during periods of macro headwinds.

Global Ports Holding is well positioned not just to benefit from this growth, but to facilitate it. By combining significant investment with our global expertise, we are not only maximising the passenger capacity at ports but, as importantly, aiming to drive up passenger satisfaction with every trip.

Changing face of the industry

North America remains by far the largest source market for cruise tourism, with 11.9 million passengers in 2017. This equates to just under half (44.6%) of all global cruise passengers.

Although it is true that this growth has stalled somewhat, the industry remains confident in North America's long-term outlook. This is due to the low penetration rates of cruise at around just 4% of the population, and with a fast-evolving industry introducing new passenger experiences (such as Disney for families) and the scheduled introduction of new ships to the American market.

This evolving product offering is not unique to North America. Across the world, the industry is focusing on a much wider demographic range. New ships, brands, concepts, food, design and a transformation in on-board entertainment are all attracting a new demographic of passenger, be that by age or income. With product and brand segmentation playing a key part in this process, a cruise holiday is no longer a homogenous product.

Size of ships

While this trend is set to deliver strong levels of growth over the medium-term, it will also bring challenges for the cruise lines, cruise ports and destinations. While many destinations might be able to meet a wider range of cruise passenger needs, others will have work ahead of them to provide the wide range of attractions, excursions and services required by this evolving customer base.

At Global Ports Holding, we believe we are well positioned to help both the cruise lines and the destinations to make this transition successfully. We are investing in our infrastructure and, by working closely with all our stakeholders, creating new and dynamic services that elevate the passenger experience.

Looking to the future, North America's dominance as the leading source market is forecast to remain for many years to come. However, the growth in the industry is expected to come from Europe and Asia. Penetration in these markets is significantly below that of North America, implying that there is considerable scope for growth. A key enabler is the rise of global aviation and the trend towards lower air fares, which is opening up cruise regions and destinations to a wider pool of source market passengers.

A cruise holiday also offers extraordinary variety and discovery. A consumer from Asia can visit six or seven European countries in just seven days while travelling in relaxed luxury between each destination. No other form of tourism can offer such an itinerary or experience.

Cruise destinations

The market share of any cruise region is driven by a range of factors. They include the perceived attractiveness of a destination – often simply driven by a hit TV show or movie – as well as the practical issues of seasonality, weather, proximity and direct flights to homeports.

Although we cannot control the weather, Global Ports Holding can and does help cruise destinations to drive new demand. Our local teams and global marketing function are active in stimulating the interest of cruise lines and passengers. We also work with local stakeholders to help increase the attractiveness of their destinations. For example, we work with local airport owners and airlines to deliver flight schedules that can help drive a port's ability to serve as a homeport.

One of the key strengths of the cruise lines' business model is that their assets, unlike hotels, are mobile. They can be deployed to almost anywhere in the world, react to demand and generate the best long-term returns. Returning customers can be offered the same ship but with a different itinerary; or a different ship with the same itinerary; or a totally new experience in every way. This model offers cruise lines and their customers enticing flexibility, but it means ports and destinations must redouble their efforts to meet and exceed expectations.

Each market must work with factors such as near-term deployment decisions by the cruise lines or macro-economic and geo-political factors. However, the strength of the order book and growing demand from new source markets suggests that each region should continue to experience growth in passenger volumes.

With the industry's range of growth indicators – in numbers, regions, fleets and demographics – destinations must look hard at their cruise port infrastructure. They need to know they are able to meet, and profit from these rising passenger numbers and rising expectations both now and for the next decade.

For governments and local authorities that fail to do so, they risk not only passenger volumes and vital local income, but the loss of passengers inclined to return for future stays. And passengers are receptive: 90% consider a cruise a good way to sample a destination, and 57% have returned to a place they stopped at on a cruise. Indeed, 72% of millennials say they have returned to a destination.

So with this high propensity to return, and with new and sophisticated customers coming aboard each season, it needs highly professional port operators to manage this growth. Smooth passenger flows and great experiences will require close collaboration between all stakeholders.

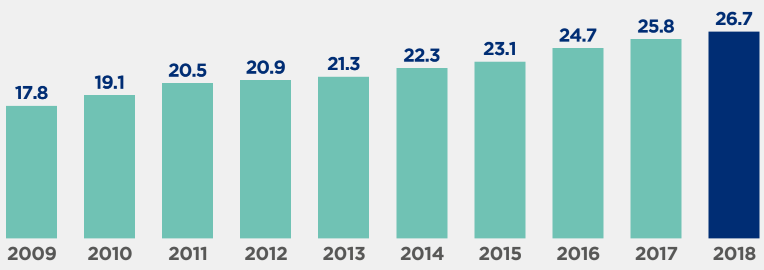
As the largest port operator, Global Ports Holding is playing a pivotal role.

Cruise infrastructure

Just as passenger expectations of airports have risen continuously since the 1980s, the cruise port experience must deliver in the same way.

Ports are now so much more than just a facility to embark or disembark. Passengers increasingly expect to find

2009-2017 passenger traffic snapshot Global ocean cruise passengers (millions)



There was a 23.4% increase in cruise demand in the 5 years to 2017. Key drivers include the globalisation of cruising as a holiday option; low penetration in the main source markets; and new ships and products for wider demographic groups.

Source: CLIA – State of the Industry 2018

39m

PAX by 2027

0.2%

Chinese market penetration

a well-designed and well-invested cruise terminal, with tailored services, contemporary and locally focused food and drink, exciting retail outlets, and an effortless flow through the terminal. This is no longer a nice-to-have; it is expected as a given, and is an integral part of a great cruise experience.

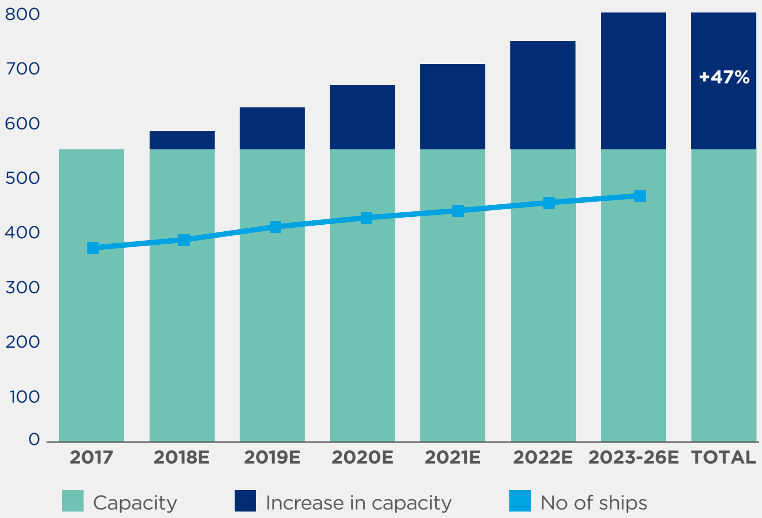
GPH and cruising in 2019

GPH enters 2019 with continued confidence. We anticipate:

- current trading in our cruise ports to remain strong in 2019;
- the start of the recovery in passenger volumes at our Turkish cruise ports
- our strong pipeline of opportunities to deliver further new cruise port investments in 2019; and
- attractive organic and inorganic opportunities for our existing cruise ports to increase our ancillary revenues in 2019.

Highly visible industry expansion

Global orderbook/total ship capacity ’000 PAX[1]



Source: Cruise Industry News 2017-2018 State of the Industry Annual Report

1. Since starting in 2017, the research has been expanded to include various small expedition lines.

124

Ships on order

47%

Capacity growth in the next 10 years

Antalya

Subdued passenger volumes to continue

Developments in 2018
As expected, cruise port activity at Antalya remained subdued during 2018 as the port continued to be affected by the geopolitical issues affecting the Eastern Mediterranean. Antalya remains a very popular tourist destination and, encouragingly, land-based tourism rose strongly in the period. Cruise tourism tends to lag behind land-based tourism, both into and out of any downturn in volumes.

Plans for 2019
We will continue to work with the state tourism ministry, cruise lines and tourism agencies to restore confidence, and advance towards a return to normal schedules and passenger volumes. However, scheduling to date suggests we will not see a recovery in 2019.

ANTALYA CRUISE PORT

99.9%
GPH ownership

ANTALYA CRUISE PORT
Acquisition date: 2006
End of concession: 2028

Antalya Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Bar

Building on early progress

Developments in 2018
A satisfying performance by Bar, whose profile and status as a cruise port destination was elevated in 2018. Passenger numbers increased significantly, and we welcomed a number of cruise lines, brands and ships that had never called at the port before. This increase was the result of a concerted campaign to introduce cruise lines to Bar, with our presentations at major cruise fares and conferences worldwide. As planned, the port was also awarded ISPS certification during the year.

Plans for 2019
We expect to see a further increase in passengers as our marketing to the cruise lines, and our extensive work with the government and tourism agencies to promote the city's offering, continues to bear fruit. We plan to start work on developing a modest terminal/ retail area during the year.

BAR CRUISE PORT

63.8%
GPH ownership

BAR CRUISE PORT
Acquisition date: 2013
End of concession: 2043

Bar Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Barcelona

Record number of passengers

Developments in 2018
A memorable year: we welcomed a record number of passengers at the port and were delighted to successfully handle the homeporting of Symphony of the Seas, the largest cruise ship in the world. We also started to deliver on our plans for an integrated service model, introducing new services such as additional security measures, improvement of our Guest Information Centers, and modernisation of our terminals by adding new signage, digital technology and improving its look and feel.

We also moved offices within the port, opening an opportunity to introduce a new coffee shop concession (opening in 2019), while also finding tenants for vacant space within our concession.

Plans for 2019
We will continue to roll out our integrated model by offering new services such as port and ground agency, and stevedoring, in-house in 2019. We also look forward to the planned refurbishment and relaunch of our new immersive and contemporary food and beverage and retail offerings in our terminals.

62%
GPH ownership

BARCELONA CRUISE PORT
Acquisition date: 2013-2014
End of concession: 2026 (WTC wharf), 2030 (Adossat wharf)

Barcelona Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Bodrum

Passengers volumes remain low

Developments in 2018
As expected Bodrum's cruise port activity remained at lows in 2018, with the continuing knock-on effects of previous geopolitical issues that affected the Eastern Mediterranean.

During the year the port successfully renewed a number of important certifications. These included our Green Port status, as well as our ISO Quality, Environmental and Occupational Health/Safety management standards. We also gained ISO 28000 for Supply Chain Security Management.

Plans for 2019
Bodrum remains a very popular tourist destination, combining beaches, high-quality dining and a rich heritage of sites of significant historical interest. With with the geopolitical environment in the region currently more stable, we are hopeful of rebuilding passenger volumes at Bodrum. However, we do not expect to see a recovery at the port until 2020 at the earliest. Meanwhile, we expect the port to be awarded EcoPort status in early 2019.

60%
GPH ownership

BODRUM CRUISE PORT
Acquisition date: 2007
End of concession: 2067

Bodrum Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Cagliari

Passenger volumes and profitability continues to improve

Developments in 2018
In 2018, Cagliari continued to perform. We made some improvements to our Guest Information Centers, and introduced electric vehicles to the port including electric bike hire for passengers.

More strategically, we signed an MoU with the airport with the aim of creating closer logistical links. We also entered into discussions with the Port Authority over a potential expansion of the cruise terminal.

Plans for 2019
During 2019 we hope to work with the local government and local agencies to organise familiarisation ('fam') trips, to surprise and educate the cruise lines about what the city and region has to offer them and their passengers. We also hope to start work on enlarging and further developing the cruise terminal, and to install solar panels on the car park shelters.

CAGLIARI
CRUISE PORT

70.9%
GPH ownership

CAGLIARI CRUISE PORT
Acquisition date: 2016
End of concession: 2027

Cagliari Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Catania

Passenger experience improved in the year

Developments in 2018
We worked hard in the year to improve the passenger experience at our terminal, improving the general retail area, improving passenger flows and further enhancing our GIC offering.

Plans for 2019
We plan to continue with the same strategy we implemented when we acquired the port, with the primary focus being to drive an increase in passenger volumes. We also hope to start work on building a new cruise terminal, and to conclude the signing of an MoU with the airport to create closer logistical links.

We also plan to introduce new ancillary services to the port in 2019 and install solar panels on the car parking shelters.

CATANIA
CRUISE PORT

62.2%
GPH ownership

CATANIA CRUISE PORT
Acquisition date: 2016
End of concession: 2026

Catania Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Havana

Welcomed into the portfolio during 2018

Developments in 2018

GPH took over the operation of the cruise port in Havana in June 2018, and the remainder of the year was spent appraising the potential of the terminal and implementing our financial reporting procedures. Our new General Manager is in post, together with the support team.

Plans for 2019

We will work with our Cuban partners throughout the year on the design and technical specification of the cruise port investment programme, including proposed new terminals. In the meantime we will roll out our global best in class operating procedures and processes.

LA HABANA
CRUISE PORT

Management agreement

LA HABANA CRUISE PORT

Contract start date: 2018

End of concession: 2033

Ege Port, Kuşadası

Passenger volumes subdued but outlook improving

Developments in 2018

Cruise passenger numbers remained subdued in 2018, with the long lead-time of cruise programmes meaning that we continue to feel the effects of previous geopolitical uncertainty in the region. During the year we further enhanced the retail offering at the Scala Nuova Village and brought in-house certain portside services that were previously carried out by a third party. The port renewed its Green Port status and its ISO quality, environmental and occupational health/safety management standards during the year.

Plans for 2019

Kuşadası is the jewel in the Turkish cruise port crown and is a port that continues to score highly with passengers who visit us. In recent years we have taken the opportunity to invest in the facilities during the downturn, with the expectation that this will benefit the port as passenger volumes start to recover. We believe the first signs of this upturn will be seen in 2019.

EGE PORT
KUŞADASI

72.5%

GPH ownership

EGE PORT CRUISE PORT

Acquisition date: 2003

End of concession: 2033

Ege Port, Kuşadası is a consolidated subsidiary of Global Ports Holding PLC

Málaga

Improved customer experience and service levels

Developments in 2018

During the year we introduced a luxury reception at our Premium Boutique terminal, El Palmeral, to better service luxury cruise passengers' needs and expectations. We redesigned and upgraded staff uniforms, and introduced well-received touches such as wine tastings and customised services that help passengers get the very best from the city. Our Guest Information Centers (GICs) performed well during the year, and we continue to elevate service levels and the customer proposition still further. Although our planned improvements to the retail offering did not materialise during the year, this work is now scheduled to occur in early 2019.

Plans for 2019

In 2019 we will be further refining our GICs, introducing more points of contact with customers to reduce queue times and increasing levels of successful engagement. We have been able to arrange Hop-on-Hop-off buses to call right outside the terminal, making the service much more convenient for passengers.

The retail offering for cruise passengers will be upgraded, with a strong focus on local products and services. At our El Palmeral terminal, we will introduce a range of new services focused on premium and luxury cruise ships and their passengers, such as an exclusive artisan market and a luxury shopping and fitting service.

Málaga Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

MALAGA
CRUISE PORT

49.6%
GPH ownership

MÁLAGA CRUISE PORT

Acquisition date: 2004

End of concession:
2038 (Levante)
2041 (Palmeral)

Ravenna

Inadequate dredging has damaged the port's standing

Developments in 2018

The positive momentum generated since we acquired the port had been continuing to build and we were looking forward to further growth in passengers to the port and the City. However, unfortunately we ultimately experienced a very challenging year due to an inadequate dredging programme by the port authority. This resulted in most cruise lines cancelling all calls.

Plans for 2019

If the dredging issue is not resolved by the port authority, 2019 and 2020 will be challenging years for Ravenna. Ravenna cruise port concession expires in December 2020.

Ravenna Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

RAVENNA
CRUISE PORT

53.7%
GPH ownership

RAVENNA CRUISE PORT

Acquisition date: 2016

End of concession: 2020

Valletta

Weather cancellations dampened an otherwise strong year

Developments in 2018

Although the retail offering at Valletta is unique within the GPH portfolio, we still found room for improvement, with a small refurbishment of some unproductive space increasing our active retail area. We also upgraded the port for the potential addition of new ancillary services, with some expected to come through in 2019. Valletta also successfully hosted the prestigious MedCruise General Assembly in May 2018.

Weather-related cancellations were an issue during the year, although ultimately when this is being driven by growth in winter cruising we see it as a good problem to have. We have made additional allowances for weather-related cancellations in our expectations for 2019.

Plans for 2019

In 2019 we plan to introduce new ancillary revenues to the port. One example, already agreed, is to put plans in place for the introduction of a fresh water supply to ships. Alongside taking measures to maximise our use of space within the concession area, other projects include moving forward with the development of multi-storey parking and the introduction of a canopy structure along the Valletta waterfront promenade. We also hope to move forward with the Government of Malta on a joint investment to extend and improve berths for larger cruise ships.

Valletta Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

VALLETTA
CRUISE PORT

55.6%
GPH ownership

VALLETTA CRUISE PORT
Acquisition date: 2015
End of concession: 2066

Zadar

Welcomed into the portfolio during 2018

Developments in 2018

GPH welcomed Zadar into our portfolio in Q4 2018, when we were awarded the 20-year operating rights for the Gazenica cruise port in Zadar. The balance of 2018 was spent working on our marketing strategy for the port and city, while our General Manager worked on the process of acquiring the right blend of tenants for the excellent retail area within the terminal.

Plans for 2019

Our primary focus in 2019 is to successfully lease out the 2,400 sqm of leasable retail and office space in the new cruise terminal. The priority will be on creating a unique and locally focused retail environment that will be open to cruise and ferry passengers and the public. We will also be working to increase the profile of Zadar with cruise lines, aiming to drive a significant increase in cruise passenger numbers in the years ahead.

Zadar Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

ZADAR
CRUISE PORT

100%
GPH ownership

ZADAR CRUISE PORT
Concession start date: 2018
End of concession: 2038

Lisbon

A year of discovery

Developments in 2018
2018 was a year of discovery as we started to understand how powerful and engaging the new cruise terminal could be for passengers, cruise lines and the city.

It was fitting that the port hosted the prestigious Seatrade Cruise Med 2018 event, an excellent showcase of our assets and abilities to key industry stakeholders. We successfully increased our ancillary services revenue with the opening of our Guest Information Centers, and improved our customer service support for disembarking passengers by installing self-check-in desks for Lisbon Airport.

In addition, we launched new ship-focused services such as refurbishment and scrubber installation. These services have been well received by cruise lines, particularly as they replace the need for a dry dock. Our vision of expanding our retail and commercial area within the port continues to progress and we expect to open these facilities in 2019.

Plans for 2019
The cafeteria in the new terminal only opened in December 2018, so we look forward to developing this proposition throughout 2019. In addition, we continue to seek new opportunities to add revenues through providing additional services, such as increasing the number of events we host at the terminal. The new external restaurants and office space are expected to open, with tenants, in 2019.

Lisbon Cruise Port is an equity-accounted investee of Global Ports Holding PLC

LISBON
CRUISE PORT

46.2%
GPH ownership

LISBON CRUISE PORT
Acquisition date: 2014
End of concession: 2049

Singapore

Record passenger numbers

Developments in 2018
During the year, the port started the rollout of an intelligent terminal solution including smart sensors and video analytics, managed through a central command and control system. This system will allow the real-time monitoring of traffic conditions and passenger flows, allowing early detection of any congestion and the appropriate real-time response.

Plans for 2019
During 2019 the port plans to expand its internal capacity through projects such as the development of a multi-storey car park, and by expanding its drop off points.

Singapore Cruise Port is an equity-accounted investee of Global Ports Holding PLC

24.8%
GPH ownership

SINGAPORE CRUISE PORT
Acquisition date: 2014
End of concession: 2022

Venice

Good growth in passenger volumes

Developments in 2018
In 2018, the port recorded 993 calls and an 8% increase in cruise passengers to 1,680,599.

Plans for 2019
The 2019 season in terms of passenger volumes is expected to be consistent with 2018. Longer term we continue to work with all stakeholders on plans for the cruise infrastructure in Venice.

11.1%
GPH ownership

VENICE CRUISE PORT
Acquisition date: 2016
End of concession: 2024

Venice Cruise Port is an equity-accounted investee of Global Ports Holding PLC

Growth is forecast to continue

Global seaborne trade

The world's sea lanes are the conduits of trade, growth and development. Almost everything we use, build, drive, eat, manufacture or invent is enabled, directly or indirectly, by a vessel and a port. Around 80% of global trade by volume, and more than 70% by value, crosses an ocean.

The demand for maritime transport services continues to be driven by global economic growth and the fundamental need to transport goods by ship. World seaborne trade has grown significantly over the last three decades, thanks in part to the cost-effective nature of maritime transport. But it has also benefited from the liberalisation of international trade policies, new trading partners, access to new markets and growing trade and co-operation agreements.

Demand has also been driven by manufacturers off-shoring their operations to countries with lower production costs. In turn, this means that increasing volumes of intermediate and finished goods are more likely to need transportation to their country of final purchase.

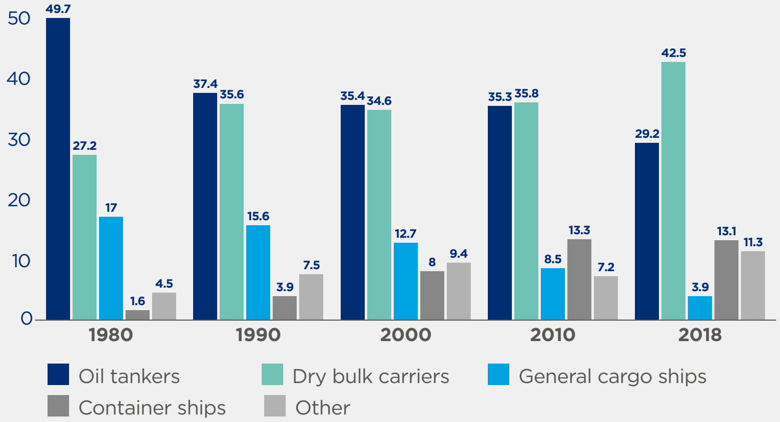
The opening of major economies, and in particular China, has been a catalyst for more trade and globalisation. Indeed, the carrying capacity of the world fleet has more than doubled since 2000, having been largely static for the preceding 20 years.

Growth is forecast to continue

The UNCTAD forecasts point to continued expansion in the medium-term, with volumes growing at an estimated CAGR of 3.8% between 2018 and 2023. Containerised trade is forecast to grow at 6% per annum over this period, and major dry bulk commodities at 4.9%.

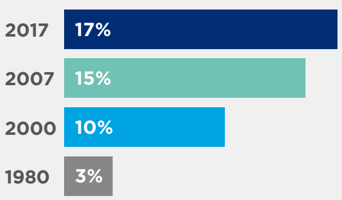
According to the shipping consultancy Drewry in its Global Container Terminal Operators Annual Review and Forecast 2018, 6% annual growth is the equivalent of adding as much capacity each year as the world's largest container port, Shanghai.

Share of world fleet in dead-weight tonnage by principal vessel type, 1980–2018 (%)



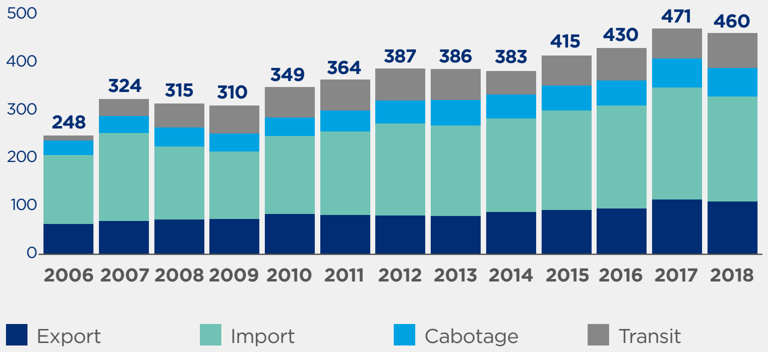
Sources: UNCTAD secretariat calculations, based on data from Clarksons Research and the Review of Maritime Transport, various issues.
Notes: Propelled seagoing merchant vessels of 100 gross tons and above, as at 1 January, excluding inland waterway vessels, fishing vessels, military vessels, yachts and offshore fixed and mobile platforms and barges, with the exception of floating production, storage and offloading units and drillships.

Global container demand as % of international seaborne trade (millions of tons loaded)



Source: Review of Maritime Transport 2018

Cargo handling at Turkish ports



Source: Turkish Ministry of Transport, Maritime Affairs and Communications, Maritime Statistics

> "World seaborne trade has grown significantly over the last three decades, thanks in part to the cost-effective nature of maritime transport."

While general global economic growth has an obvious bearing on global maritime trade, the general reduction in recent decades of global trade barriers such as tariffs and quotas has also played a key role.

Recent policy, particularly in the US, has put upward pressure on tariffs, particularly between the USA and China. GPH has very little direct exposure to the USA but we continue to monitor tariff developments.

Key developments in the container market

- Increasing sizes of container ships, offering greater fuel efficiency and economies of scale.
- A rise of 'mega alliances' between the world's largest container lines, looking to sharpen competitive advantages from lower port and shipping costs, and to help them move towards investment in larger container ships.
- The South Asia-Middle East region is expected to experience the highest growth in container trade for the next decade.
- Asia continues to lead the global demand for container port services.
- Consolidation of capacity.

Container ship consolidation

The global container industry has recently experienced further consolidation, with the top ten carriers now controlling 70% of global fleet capacity according to UNCTAD. The top five container shipping lines (Maersk, Mediterranean Shipping Company, CMA CGM, China Ocean Shipping Company and Hapag-Lloyd) now control more than 50% of market capacity.

Turkey

A key strength of the Turkish maritime transport industry is that it sits at the very heart of trade between Europe, Asia and the Middle East. The country's geostrategic location, between the Mediterranean and the Black Sea, features an accessible 8,333 kilometre-long coastline, with clear advantages for global seaborne trade.

Following a number of years of strong economic growth, the OECD forecasts that Turkey will experience a contraction in its economy in 2019. However, exports are forecast to increase, with Turkey's economy growing again in 2020. Between 2000-2017, Turkey saw container growth of 11.0% CAGR in contrast to the world average of 3.7%, fuelled by privatisation and general economic expansion.

Two drivers of future growth will continue to be exports of marble and agricultural produce. Turkey is rich in marble resources located on the Alpine-Himalayan belt, with exports to China, a key customer, growing by 62% between 2005 to 2017.

In addition, Turkey has one of the largest agricultural sectors in the world – already representing 7% of GDP – and is the largest grower globally of a range of fruits and vegetables. The government has a stated aim to rank among the top five producers globally by 2023.

GPH's Port Akdeniz in Antalya is located in one of the key growing regions of Turkey. Indeed, exports of fresh fruit and vegetables from Antalya represent around 20% of the country's total. Exporters in this market are increasingly looking to make maritime their transportation mode of choice, moving away from road and air. We hope to play a central role in developing this export trade, as evidenced by the planned introduction of a RORO service to Northern Italy in 2019.

Further demand comes from the construction industry. Turkey has an abundance of the resources needed to manufacture cement and clinker, and the growing construction markets in China, the Middle East, North Africa, the western Mediterranean and the Black Sea all need to be served.

Our focus for 2019

- **Port Akdeniz:** a key focus for 2019 will be continued diversification of our cargo volumes. Our introduction of a new RORO service to Trieste, Italy, will further this aim, and we are launching hazardous liquid cargo handling for the first time.
- **Port of Adria:** we aim to continue to attract new volumes to the port, aided by new RORO services, building on the strong momentum delivered in 2018.

Port of Adria

Step change in performance

Developments in 2018

2018 marked an inflection point for the port, as the positive impact of our recently completed capex programme and management actions led to a step-change in performance. The port handled an increase in volumes across a broad range of goods, aided by our new facilities and operating capabilities. The block train to Sremska Mitrovica started during the year, although we continue to work with our partners to increase the frequency of the service. We also completed the investment required for the port to handle RORO services.

Plans for 2019

Following the investment made in 2018, we will commence RORO services in 2019. Our focus on attracting new cargo volumes continues, with a number of specific projects, including continued action to attract new container line arrivals to attract new volume to the port in 2019 and beyond. For the longer-term, we continue to work on positioning Port of Adria as a hub port in the Adriatic. This will be given significant momentum with the completion of the Belgrade – Bar motorway. The Montenegro section should be completed in 2019, with the Serbian section following in 2020.

PORT OF ADRIA

63.8%
GPH ownership

PORT OF ADRIA
Acquisition date: 2013
End of concession: 2043

Port Akdeniz

Strong year once again

Developments in 2018

During 2018, the port successfully improved the diversification of its cargo volumes, growing business in goods such as coal and silobas cement. With a modest investment we converted and upgraded a disused warehouse into a new storage facility and the port also benefitted from a new support services contract.

During the year Turkiye Denizcilik Isletmeleri A.S. ("TDI") decided to transfer land that was being used by GPH at Port Akdeniz to the Free Trade Zone. This operates alongside our port assets, reducing our operating area and potentially increasing competition for some cargo.

Plans for 2019

A key focus will be further diversification of our cargo volumes. We plan to start RORO services from Antalya to Trieste, Italy. This will create a new route for imports/exports in the region to and from Europe, and fill a sizeable gap in Antalya and our hinterland's logistic capabilities. Having been granted a hazardous liquid handling licence in 2018, we will introduce a new service to unload this type of cargo in 2019. We will also continue to evaluate the opportunity to open a logistics centre and offer associated services.

PORT AKDENİZ
ANTALYA

99.9%
GPH ownership

PORT AKDENIZ
Acquisition date: 2006
End of concession: 2028

Doing the right thing

Safeguarding people, and protecting our ports

As the world's largest port operator, we take our responsibilities towards safety and the environment seriously.

In keeping with the GPH business model of combining unified global standards with specialist local port knowledge, we launched a new Group-wide HSE Manual during the reporting year.

The manual was further refined during the year and is based on the following international standards:

- ISO 9001: 2015 – Quality Management System
- ISO 14001: 2015 – Environmental Management System
- ISO 45001: 2016 – Occupational Health and Safety Management System
- ISO 27001: Information Security Management System
- 10002: Customer Satisfaction Management System
- ISO 28001: Security management systems for the supply chain
- ISO 50001: Energy Management.

By seeking to attain and maintain international standards across our port network, we will comply with (and, often, exceed) the requirements of all local laws that apply to our operations. Even then, we regard these as minimum standards only, and strive to improve on every aspect of our HSE performance year-on-year.

Safety: our non-negotiable priority

There is no greater priority at Global Ports Holding than the safety of people. Safety takes precedence over all other considerations, and no practical or commercial consideration is allowed to override it.

Like any business, our day-to-day operations carry potential risks that must be mitigated. In our case, we welcome many thousands of passengers who travel through our facilities; we work next to, and on, water; and we accommodate some of the world's largest cruise ships.

In the course of transiting more than 4.4 million people through our ports in 2018, there were no reportable incidents affecting their safety. Nor were there any injuries to employees during port operations that required any prolonged absence from work.

Additionally, we lift and move thousands of tonnes of cargo every week at our two commercial ports. To do this safely, we set rigid processes and make significant investments in highly trained teams, and in sound equipment and infrastructure.

At our Port of Adria commercial port, we have reduced injuries at work by 27% in 2018, at Port Akdeniz injuries are down by 33% in 2018. Similarly, at Port Akdeniz commercial port, injuries are down by 70% over the same time frame. Many factors have brought about this continuously improving picture, including a much greater awareness and buy-in to our safety culture; an emphasis on 'toolbox' training, techniques and procedures; and a more robust and constant reinforcement of the need for safety in everything we do.

HSE

GPH launched its Health, Safety and Environment Manual at the end of 2017, setting the standard for our Cruise and Commercial businesses.

The goal is to prevent all injury, harm and illness, reduce losses and to ensure the personal safety of employees, contractors, the public and our community. Furthermore, the manual ensures that we not only comply with legislation but embed health and safety activities and training to prevent incidents occurring or reoccurring.

If incidents do happen, we are committed to make sure that they are accurately reported, and that any learning is followed up with preventive actions.

In line with a zero-harm goal, every GPH port conducted a gap analysis during the course of 2018 to identify, and then address, any areas where further improvement was needed.

Our environments

We seek to tread as lightly as we can, minimising our impact on the planet and protecting the environments in which we work. This is our policy, regardless of where we might operate, but there is a double imperative at our cruise destinations. It is the beauty of our ports' cities and regions that attracts tourism, and this is the lifeblood of our local municipalities and, indeed, our own business.

This means, for example, playing our part in managing sustainable tourism. We work closely with local government and agencies with the aim of making sure that our passenger numbers benefit the local economy, without putting undue pressure on the local environment and its services. With this in mind we are working with the Interreg Mediterranean community to improve passenger mobility in cruise destinations with low-carbon transport systems. Operating a port also brings many duties of care to protect the environment, and our HSE Manual lays down recognised procedures for diverse demands including waste handling and effluents, noise, dredging, construction, emissions, handling dangerous substances, underwater noise and vibration, and spill prevention and control.

Cruise ports summary

Type of Incident	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
Lost time													
Total # of cases	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total # of days	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Death													
Total # of cases	0	0	0	0	0	0	0	0	0	0	0	0	**0**

Commercial ports summary

Type of Incident	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
Lost time													
Total # of cases	1	3	2	0	0	4	2	1	0	1	0	2	**16**
Total # of days	74	68	80	60	62	61	105	114	60	63	60	83	**890**
Death													
Total # of cases	0	0	0	0	0	0	0	0	0	0	0	0	**0**

In 2018 we had 16 lost time incidents, all of which were in our Commercial Ports. Total # of days refers to number of days employee(s) were off work as a result of the incident.

In addition, some of our ports are actively involved in reducing CO_2 emissions by generating their own renewable power, and by deploying electric vehicles. Three of our ports now have 'Green Port' certification and five have been accredited with the ISO 14001:2015 – Environmental Management System standard. We have also set an ambitious target of the majority of our ports achieving the EcoPorts Certificate by the end of 2019.

Doing the right thing for communities

At GPH we are passionate advocates that, in a troubled world, travel and tourism can be a force for good. Its benefits are wide-ranging, delivering not only measurable gains such as economic growth and employment in local economies, but also the wider benefits of discovering rich experiences and extending the hand of friendship to other cultures. Indeed, in their report Tourism as a Driver of Peace, the World Travel & Tourism Council shows direct correlations between countries that embrace tourism and greater levels of peace.

It was in this spirit that GPH inaugurated the Global Run. It is an annual celebration of community and harmony, attracting people from across boundaries and cultures to come together. The Global Run is hosted at a different GPH port city each year, with the aim of this 'world tour' touching each of our locations in the coming years. Recent Global Run events have taken place at Bar/Kotor, Montenegro (2016), Ravenna, Italy (2017), and Havana, Cuba – a recent addition to the GPH family – in 2018. We are now looking forward to taking the event to Barcelona in 2019.

Each Global Run creates an opportunity to raise money for good causes in GPH port locations. In addition, our ports regularly engage, and work, with their local communities.

Some examples in 2018 included:
- Barcelona Cruise Port working closely with the Talita Foundation, which supports the educational integration of Down's Syndrome children, both at school and in society;
- Málaga Cruise Port, where we collected money for Proyecto Perla, an association that works to combat sexual slavery and human trafficking;
- Lisbon Cruise Port, fundraising for Aldeia de Crianças SOS Portugal, an organisation that advocates the rights and needs of children in more than 134 countries worldwide; and
- Valletta Cruise Port, where team members raised funds and carried out voluntary work for two children's homes.

The right thing for our people

We believe that the true worth and standing of any company is measured by the way it treats people, both inside and outside the organisation.

At Global Ports Holding we are committed to treating people equally, fairly and respectfully, applying both the letter but also the spirit of the law.

With this in mind, we are signatories to the human rights defined in the United National Global Compact, the Universal Declaration of Human Rights, and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organisation (ILO).

In essence, this means we offer equal employment opportunities for all, regardless of religion, language, race, age, colour, nationality, social background, gender, orientation or disability. We hire, train and promote our people according to qualifications, performance, talent and experience. We also recognise the right to freedom of association and collective bargaining and agreements, and forbid child and forced labour of any kind.

GPH commits to providing our people with a safe place to work, and one which is free of any kind of mistreatment, discrimination, harassment, exploitation, abuse and violence. We also compensate employees fairly and in line with market conditions.

The Board acts with full regard to human rights' considerations, as defined under the European Convention on Human Rights, and the UK Human Rights Act 1998 as applied to our UK businesses.

We are aware of our responsibilities and obligations under the Modern Slavery Act and we work to ensure that we comply across the Group.

GPH has a performance management system that guides how we engage with employees. The first component of this process – target planning – is completed in four phases, as follows:

1. Determining GPH targets: these are defined by the CEO and approved by the Board of Directors;
2. Determining annual Company targets: these are defined by the Board of Directors for affiliated companies in line with GPH Holding's targets, and shared with the management team of each company;
3. Determining department/branch targets: these are defined according to the targets determined and shared by the management team of each affiliate company; and

GPH Global Run 2018 in Havana

4. Determining individual targets: these are defined following the communication of department targets to employees in their respective functions.

Employee rights

We seek to ensure that our employees' rights are protected, and that they enjoy a harmonious working environment that is free from discrimination and harassment. This is mandated either by law or through the Company's Code of Conduct.

Discrimination

Discrimination is prohibited at GPH in accordance with the principle that everyone has the right to equal treatment and respect. Discrimination is defined as direct or indirect:

1. Direct discrimination refers to the unfair treatment of an employee based on their gender, race, colour, disability, age, sexual orientation, pregnancy, ethnicity, social origin, nationality, ancestry, language, religion/faith, political or other views, as well as membership of any minority group; or
2. Indirect discrimination occurs where equal treatment is actually unfair; for example, assigning a pregnant employee the same task as all other employees, when the task involves heavy lifting.

All decisions regarding employment processes such as recruitment, promotions, transfers, training, dismissal and determining working conditions are based on consistent and fair selection criteria. Employees or staff authorised to make such decisions are expected to act free from bias or any discriminatory factor such as those above. GPH requires that evaluating and assessing employees takes place on the basis of equal and objective criteria, with regard only to knowledge and skills.

Empowering women entrepreneurs in Turkey

In February 2019, the Board approved a proposal from EBRD for a two-year pilot programme aimed at empowering women entrepreneurs in Turkey within the travel and tourism sector (the 'Programme'). The Programme will be focussed on the Antalya, Bodrum and Kuşadası regions and has the potential to be replicated in other countries where EBRD and the Group operate. The Company has committed funding of Euro 250,000 to the first year of the Programme and will contribute an equivalent amount in the second year subject to the Board's satisfaction with the reporting and performance of the Programme and the Board's consideration of the Company's financial position and dividend policy. Implementation of the Programme, which will be administered by EBRD, is expected to begin in the second half of 2019.

The right thing in business

Any form of bribery or corruption violates both the law and the Company's own ethics. This includes making or taking any form of inducement, behaving in any anti-competitive way, false reporting, or any other action that may pervert the course of legal and honest dealing.

The Group upholds all applicable local laws and the best practices of international ethical standards, and publishes an Anti-Bribery and Corruption Policy to which every employee and supplier is required to comply.

In a wider context, the Company's Code of Ethics provides guidance on every aspect of our actions, ranging from ethical decision-making and showing respect for every colleague, to issues around safety and security, drugs and alcohol, conflicts of interest and safeguarding the Company's reputation.

You can see our Anti-Bribery and Corruption Policy and Code of Ethics at http://www.globalportsholding.com/pdf/Anti-Bribery-and-Corruption-Policy.pdf

Gender

	Absolute figures	Percentage
GPH's overall full workforce composition	107	17% female
GPH senior management gender composition C-suite level only	2	29% female
GPH Board gender composition	1	14% female

As at December 2018, female employees accounted for 17% of the overall workforce; 29% of C-suite senior management; and 14% of the Board of Directors.

GPH PLC will continue to focus on actions which will improve the diversity of our workforce. We are committed to a better gender balance, narrowing the gap and actively supporting the development of our high potential female talent.

GPH at Seatrade Cruise Global

Industry engagement

GPH is an active participant in industry events that raise our profile among the sector's key decision-makers. We therefore continue to be sponsors, speakers and exhibitors at all of the 'marquee' gatherings including Seatrade Cruise Global, Seatrade Cruise Med, Seatrade Cruise Asia, Florida Caribbean Cruise Association (FCCA) events and Cruise Lines International Association (CLIA) events.

As well as attending these events around the world, 2018 was another busy year for GPH as hosts to industry gatherings. Lisbon Cruise Port hosted Seatrade Med 2018, which provided a high-profile opportunity for us to showcase our new terminal and the impact that significant investment can have on a port and a destination. In addition, both Valletta and Lisbon Cruise Ports hosted the MedCruise General Assembly during the year.

This Strategic report as set out on pages 2 to 57 was approved by the Board of Directors on 4 April 2019 and signed on its behalf by:

EMRE SAYIN
CEO

MEHMET KUTMAN
Executive Chairman

Group background and structure

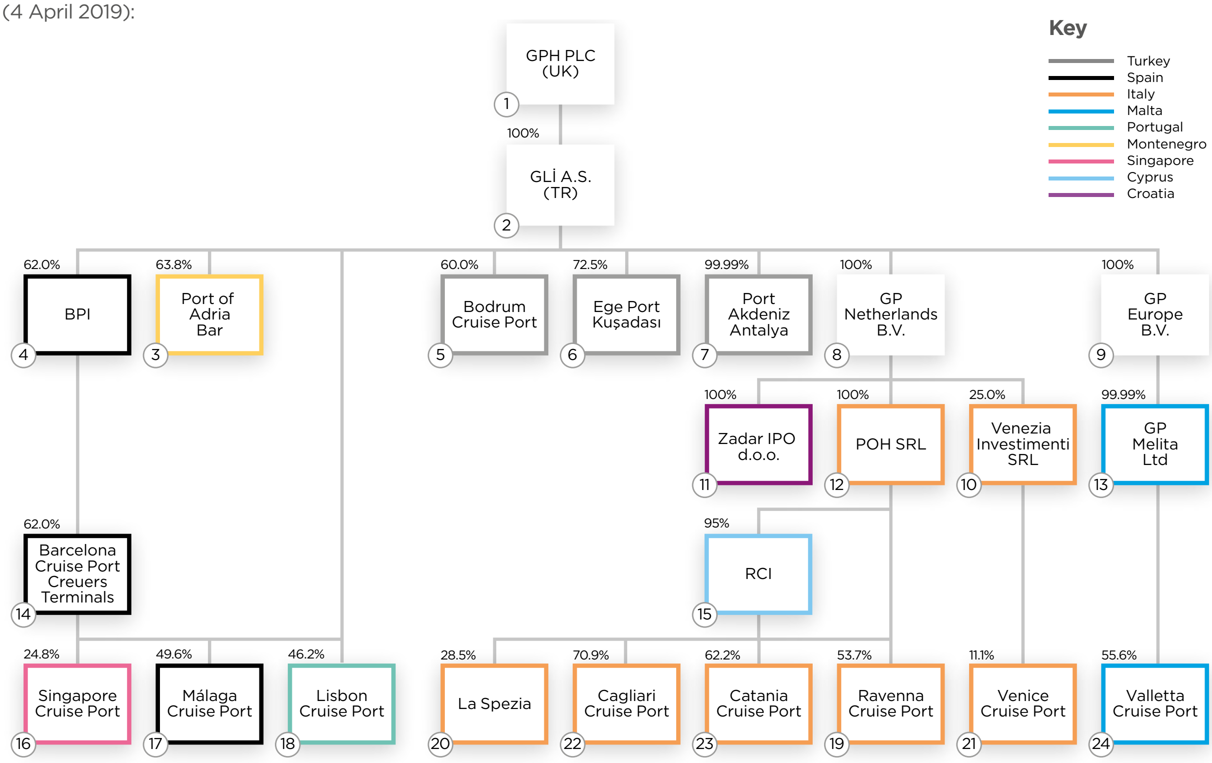
The origins of the Group date back to 2003, when operations commenced at Ege Port in Kuşadası, Turkey. Between 2006 and 2016, additional port operations within and outside of Turkey were added, totalling 13 cruise and 2 commercial ports by the time of the Company's admission to the London Stock Exchange on 17 May 2017 ('Admission'). During 2018, the Group was awarded the concession for the cruise port of Zadar in Croatia and the management of La Habana Cruise Port.

Immediately prior to Admission, the Group was restructured by way of a share reorganisation, pursuant to which all the shares of Global Liman İşletmeleri A.Ş. ('GLI', the Group's Turkish holding company) were ultimately transferred to the Company. As a result, the Company acquired 100% of the operating group comprising GLI and its subsidiaries, which it continues to own. GPH (Antigua) Limited a wholly owned subsidiary of GPH Plc was incorporated in Antigua on 31 January 2019. The Company's ultimate parent remains Global Yatırım Holdings A.Ş. ('GIH'). As at 2 April 2019, being the latest practicable date prior to publication of this Annual Report, GIH has a 59.55% interest in the Company directly and through its wholly-owned subsidiary Global Ports Holding B.V. ('GPH B.V.'), including a 57.06% registered holding at the date of approval of this Annual Report. GIH is listed on Borsa Istanbul under the ticker 'GLYHO'.

Accordingly, references in this Report to 'GPH', 'Global Ports Holding' or 'the Group' mean, in any matter prior to Admission, GLI and its consolidated subsidiaries, and following Admission, the Company and its consolidated subsidiaries.

During 2018, the Group was awarded the concession for the cruise port of Zadar in Croatia and the management of La Habana Cruise Port in Havana, Cuba, bringing the total number of ports it operated at the year-end to 17 across nine countries.

The chart below shows the structure of the Group's primary port investments at the date of approval of this Annual Report (4 April 2019):



The percentages above represent GPH's effective ownership.

1. Global Ports Holding PLC
2. Global Liman İşletmeleri A.Ş.
3. Akcionarsko Društvo 'Port Of Adria' Bar
4. Barcelona Port Investment S.L.
5. Bodrum Yolcu Limanı İşletmeleri Anonim Şirketi
6. Ege Liman İşletmeleri Anonim Şirketi
7. Ortadoğu Antalya Liman İşletmeleri Anonim Şirketi
8. Global Ports Netherlands B.V.
9. Global Ports Europe B.V.
10. Venezia Investimenti SRL
11. Zadar International Port Operations d.o.o.
12. Port Operation Holding SRL
13. Global Ports Melita LTD
14. Creuers Del Port de Barcelona S.A.
15. Royal Caribbean Investments (Cyprus) LTD
16. SATS-Creuers Cruise Services PTE. LTD
17. Cruceros Málaga S.A.
18. Lisbon Cruise Port LDA
19. Ravenna Terminal Passeggeri SRL
20. La Spezia Cruise Facility SCRL
21. Venezia Terminal Passeggeri SPA
22. Cagliari Cruise Port SRL
23. Catania Cruise Terminal SRL
24. Valletta Cruise Port PLC

Corporate governance statement
Chairman's introduction

Expansion and strong governance

During 2018, the Company progressed its expansion strategy, bringing the operations of two more cruise ports into its fold by the year-end. Since year-end the Company has signed a concession agreement in Antigua and Barbuda and was selected as the successful bidder for the redevelopment and management of Nassau CruisePort in The Bahamas. The Company is continuing to pursue further expansion in 2019.

The Directors are acutely aware of the importance of ensuring that expansion goes hand in hand with strong corporate governance across the Group, and the Board and its committees were focused throughout the year on ensuring that result. While details of their work are more fully set out on the following pages and in the committees' respective reports, I would like to highlight several of the initiatives undertaken in 2018 to enhance decision-making, risk management and other systems within the Group:

The Board Diversity Policy entrenches the Company's commitment to maintaining diversity of approach and thought at the board level;

The Long Term Incentive Plan ('LTIP'), as approved at the 2018 Annual General Meeting (or 'AGM'), is being implemented with a view to aligning the interests of senior management in the Group with those of the shareholders, and to incentivise senior management to maximise value over the long-term;

The Technical Inspection Procedure ('TIP') for ports was adopted. TIP was developed by management and the Group's marine engineers with a view to providing outputs that assist with various aspects of business planning and operations;

The Group's Anti-slavery Statement and Data Protection Policy were adopted, confirming the commitment of the Group as a whole to compliance with UK, pan-European and Turkish regulations; and

Hyperion software, which will create an automated, more structured process for the reporting and consolidation of financial results and is expected to decrease the risk of mis-statements and to create a more reliable reporting environment.

In May 2018, a competitive tender process was undertaken to select and formalise the appointment of external auditors in respect of the Company. The process resulted in the appointment of KPMG LLP as the Company's auditors for the 2018 financial year and, in conjunction with their appointment, the Company also adopted a Group-wide policy for the provision of non-audit services in order to safeguard auditor independence.

While the Company, as a standard listed company, is not required to adopt the 'comply or explain' regime of the UK Corporate Governance Code (the 'Governance Code') published by the Financial Reporting Council, the Directors consider that the principles and recommendations contained in the Governance Code are valuable and look to it for guidance. Although the decision was made to focus management resources fully on enhancing Company value during 2018, it remains the intention of the Company to seek a premium listing and full compliance with the Governance Code in the foreseeable future. We have contacted external advisers, who have agreed to guide us on the steps to achieve that goal at the appropriate time. We are continuing to assess the Company's readiness in that regard, and I look forward to reporting on our progress next year.

In the meantime, we continue to reiterate through actions – not just words – our commitment to the pursuit of corporate governance best practice.

Mehmet Kutman
Executive Chairman and Co-Founder

Board of Directors

The Board consists of the Executive Chairman and six Non-Executive Directors, of whom four are independent of GIH. The Directors have been selected for their diversity of background as well as personal attributes, and they bring a wide range of skills and varied commercial experience to the Board and its committees.

Mehmet Kutman

Executive Chairman and Group Co-Founder

Ayşegül Bensel

Non-Executive Vice Chairperson

Lord Mandelson

Senior Independent Director (SID)

Thierry Edmond Déau

Independent Non-Executive Director

Dates of appointment:

11 April 2017 and 8 May 2018

12 April 2017 and 8 May 2018

12 April 2017 and 8 May 2018

12 April 2017 and 8 May 2018

Skills and experience:

Mr. Kutman has been Chairman of the Company since April 2017 and of GLI since April 2012, and is a founding shareholder of GIH. In addition to his active involvement in business development and project management for the Group on a transaction-by-transaction basis, Mr. Kutman is Chairman of the Boards of Directors of GIH, Port Akdeniz, Antalya, and Bodrum Cruise Port, and was formerly a director of Alarko REIT, a BIST-listed real estate investment trust. He is a member of TUSIAD (Turkish Industry & Business Association) and DEIK (Foreign Economic Relations Board) where he serves as Chairman of the Turkey – Cuba Business Council. Prior to founding GMD in 1990, Mr. Kutman was Project Manager at Net Holding A.Ş., a Turkish corporate group involved in tourism and related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States where he was Vice President of North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates.

Mrs. Bensel was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. She is also a member of the Boards of Directors of GLI, Barcelona Cruise Port Creuers Terminals, Valletta Cruise Port, Port Akdeniz, Antalya, Ege Port, Kuşadası, Bodrum Cruise Port and GIH. Mrs Bensel was previously a member of the Board of Directors of Dağören Enerji, Global Enerji, Global Insurance, Mavi Bayrak and Torba, and Chairperson of the Board of Directors of Salıpazarı İnşaat. She is currently Managing Director of the Real Estate Division of GIH and CEO of Pera REIT Company. Until the sale of Global Hayat in 2005, Mrs. Bensel was Chairperson of its Board of Directors and its only CEO. Mrs. Bensel has also been a member of the Board of Directors of GMD since its formation in 2004, and between 1993 and 1999 was its Assistant Director and then Co-Director of Research. Prior to joining GMD as an equity research analyst in 1991, Mrs. Bensel was a manager in foreign exchange dealings in the Turkish banking sector. Mrs. Bensel is a member of the Company's Remuneration Committee and Nomination Committee.

Lord Mandelson was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. Lord Mandelson is Co-founder and Chairman of Global Counsel, a regulatory, political risk and public policy advisory business based in London, Brussels and Singapore. He is a former European Trade Commissioner and British First Secretary of State. Previously, he was Minister without Portfolio; Secretary of State for Trade and Industry; Northern Ireland Secretary; and Secretary of State for Business, Innovation and Skills in the British Government between 1997 and 2010. He was MP for Hartlepool from 1992 until 2004 and Director of Campaigns and Communications for the Labour Party between 1985 and 1990. Lord Mandelson is President of the Great Britain China Centre and of the German British Forum. He is Chancellor of Manchester Metropolitan University, President of the Policy Network think tank and Senior Adviser to Lazard. Lord Mandelson is chairman of the Company's Nomination Committee.

Mr. Déau was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. Mr. Déau began his career in Malaysia with the construction firm GTM International. He then joined Egis Projects (Egis), the engineering subsidiary of France's Caisse des Dépôts et Consignations, where he held several positions, until his appointment as Chief Executive Officer in 2001. He was in charge of international operations for the Egis Group Executive Committee, served on its Risk Management Committee and was a member and/or Chairman of the Boards of Directors of several subsidiaries. Mr. Déau founded Meridiam in 2005 with operational and financial support from AECOM Technology Corp. and the Crédit Agricole Group. Meridiam develops, finances and manages infrastructure projects across Europe, America and Africa with a focus on community betterment. Mr. Déau is currently Meridiam's Chairman and Chief Executive Officer. Mr. Déau is a member of the Company's Remuneration Committee, Audit and Risk Committee and Nomination Committee.

Other current roles:

Chairman of the Boards of Directors of GIH, Port Akdeniz – Antalya and Bodrum Cruise Port. Mr. Kutman also actively endows Yale University's brain tumour research program through the Gregory M. Kiez and Mehmet Kutman Foundation.

Vice Chairperson of GLI, member of the Boards of Directors of several Group subsidiaries, GIH and GMD, Managing Director of the Real Estate Division of GIH and CEO of Pera REIT Company.

Co-founder and Chairman of Global Counsel, President of the Great Britain China Centre, President of the German British Forum, Chancellor of Manchester Metropolitan University, President of the Policy Network and Senior Adviser to Lazard.

Chairman and Chief Executive Officer of Meridiam.

Education:

Mr. Kutman holds a BA (Hons.) degree from Boğaziçi University and an MBA degree from the University of Texas.

Mrs. Bensel holds a BA degree in Business Administration and Finance from Hacettepe University, Ankara.

Lord Mandelson studied Philosophy, Politics and Economics at St. Catherine's College, University of Oxford.

Mr. Déau graduated from Ecole Nationale des Ponts et Chaussées' engineering school in Paris.

Jérôme Bernard Jean Auguste Bayle

Independent Non-Executive Director

12 April 2017 and 8 May 2018

Mr. Bayle was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. Over the course of 32 years, Mr. Bayle held top executive positions in various countries for Tetra Pak. As the former Managing Director of Tetra Pak Turkey, he was responsible for developing operations in Turkey, and regions including Central Asia and the Caucasus. He also worked in the Balkans. After retiring from Tetra Pak, Mr. Bayle established Magnetic North, a management consulting firm providing mentoring and consulting services to large multinational companies in the greater Middle East region, with particular emphasis on human resources, organisational processes and development. Mr. Bayle received numerous awards during his professional career and has been recognised for his many contributions to business and social organisations. Mr. Bayle is chairman of the Company's Remuneration Committee and Audit and Risk Committee.

None.

Mr. Bayle holds a Master's degree in Business and Finance from France's Dauphine Université. He is also an alumnus of the Swiss Business School IMD.

Thomas Josef Maier

Non-Executive Director

12 April 2017 and 8 May 2018

Mr. Maier was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. Since August 2017, he has also been a regional Non-Executive Director of Meridiam funds that cover Central and Eastern European countries. Until 30 April 2017, Mr. Maier was Managing Director for Infrastructure at EBRD where he oversaw operations in the Municipal and Environmental Infrastructure and Transport sectors. Previously, Mr. Maier worked at NatWest Markets, where he was involved in acquisitions, management buy-outs and highly leveraged transactions in the UK and Western Europe. Mr. Maier is a member of the Company's Remuneration Committee.

Regional Non-Executive Director of Meridiam funds, covering Central and Eastern European countries.

Mr. Maier holds a degree in Public Management and an MA degree in Development Economics.

Ercan Nuri Ergül

Non-Executive Director

11 April 2017 and 8 May 2018

Mr. Ergül was first appointed to the Board on 11 April 2017 and was re-appointed at the AGM on 8 May 2018. He is also a member of the Boards of Directors of GLI, Port Akdeniz – Antalya and Bodrum Cruise Port. Mr. Ergül has spent his career as a private equity and investment banking professional, beginning in the corporate credit group of Citibank in Turkey in 1993. Mr. Ergül has also been a manager of SEEF, a USD 320 million private equity fund with investments in Turkey, Albania and Kosovo, since 2007. Mr. Ergül is a member of the Company's Audit and Risk Committee.

Manager of SEEF and member of the Boards of Directors of Port Akdeniz, Antalya, and Bodrum Cruise Port.

Mr Ergül holds an undergraduate degree from the Middle East Technical University in Ankara, Turkey, and an MBA degree with a concentration in Finance from the University of Florida.

Alison Mary Chilcott

Company Secretary

20 October 2017

Ms. Chilcott has been Company Secretary since 20 October 2017, replacing TMF Corporate Administration Services Limited, which served as the first company secretary from 11 April 2017 to 25 October 2017. At the time of joining the Company, Ms. Chilcott had worked for a UK company secretarial firm since December 2015. Prior to moving to the United Kingdom in July 2014, Ms. Chilcott lived in the BVI where she had practised corporate law with Conyers Dill & Pearman, specialising in investment funds and infrastructure financing, since September 2008. Previously, Ms. Chilcott was an advisor to GMD, and subsequently to GIH, in Istanbul between July 1996 and September 2008. Ms. Chilcott began her career in Toronto, where she trained and practised with the firms McCarthy Tétrault and Torys between 1990 and 1996, and taking leave to lecture company law at the University of Auckland in 1993 and 1994. Ms. Chilcott has been a member of the Ontario Bar since 1990 and a solicitor (non-practising) in England and Wales since 2011.

None.

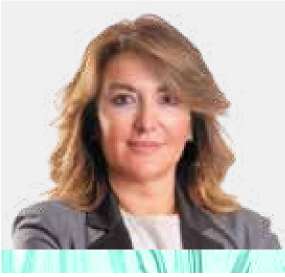
Ms. Chilcott holds a BA (Hons.) degree from McGill University, an LLB degree from the University of Toronto and an LLM (First) degree from Queens' College, University of Cambridge.

Senior Management Team

The following senior executives constitute the Group's senior management team ('Senior Management Team'):

Emre Sayın

Chief Executive Officer ('CEO')



Ferdağ Ildır

Chief Financial Officer ('CFO')

Stephen Xuereb

Chief Operating Officer ('COO') and General Manager of Valletta Cruise Port

Ece Gürsoy

Chief Legal Officer ('CLO')

Date of appointment:

Emre Sayın	Ferdağ Ildır	Stephen Xuereb	Ece Gürsoy
16 May 2016	10 May 2005	01 June 2002	15 January 2018

Skills and experience:

Emre Sayın: Mr. Sayın has been CEO of GLI since 2016 and was appointed CEO of the Company on 12 April 2017. Mr. Sayın started his career as a management expert at Merrill Lynch, Princeton in 1992. In 1993 he joined Unilever, where he held high-level positions in various departments, including Marketing and Management of chain stores, over a period of seven years. Following Unilever, Mr. Sayın joined Microsoft as Marketing Deputy General Manager for three years. He continued his career as General Manager at Kodak until 2005, and was Marketing Deputy Director at Evyap from 2005 to 2007. Over the following seven years, Mr. Sayın held high-level positions in Turkcell, including Deputy Director of their Retail Sales and Marketing Departments, and Deputy General Director of Corporate Services, where he reported directly to the CEO. In the three years prior to joining GLI, Mr. Sayın was Deputy General Director of Business Development at Vimpelcom, Amsterdam, and Senior Advisor at Verizon, New York.

Ferdağ Ildır: Ms. Ildır was appointed CFO of GLI in 2010, having previously been CFO of Ege Port, Kuşadası, Bodrum Cruise Port and Port Akdeniz, Antalya. Ms. Ildır was extensively involved in all of the Group's initial port projects and has had an active role in the formation of its current portfolio. Between 2010 and 2012, in addition to port operations, Ms. Ildır was responsible for GIH energy operations. Prior to joining GLI, Ms. Ildır was Accounting Division Manager at the Teba Group from 2004 to 2005 and held various positions at Arthur Andersen and Ernst & Young between 1993 and 2004.

Stephen Xuereb: Mr. Xuereb was appointed COO of GLI in 2016. He has been involved in the cruise industry since the inception of Valletta Cruise Port Plc in 2002, serving as its CFO until 2014 and subsequently as its General Manager. He was responsible for establishing the finance and administration function and overseeing the financing of the Euro 37 million capital intensive project in Valletta Cruise Port, as well as playing an active role in developing the cruise line business and ancillary support services in Malta. Mr. Xuereb has over 25 years of senior management experience, 16 of which are in the cruise industry. He has previously held positions in the audit and financial advisory sectors, as well the retail, property and hospitality industries.

Ece Gürsoy: Dr. Gürsoy was appointed CLO as of 15 January 2018. Prior to joining the Company, Dr. Gürsoy was CLO, Company Secretary and an Executive Director of Lightsource Renewable Energy Holdings Limited for six years. Previously, she practised for over eight years with the firms Dentons and White & Case, specialising in project finance, infrastructure, energy and private equity. Dr. Gürsoy is a member of the Law Society of England and Wales and the Istanbul Bar Association. She is also a member of the Board of the Turkish British Chamber of Commerce and Industry, where she served as Company Secretary between 2015 and 2017 and is currently Vice-Chairperson.

Education:

Emre Sayın: Mr. Sayın holds an Industrial Engineering degree from Boğaziçi University, and postgraduate degrees in Systems Engineering from Rutgers and Princeton Universities.

Ferdağ Ildır: Ms. Ildır holds a BSc degree in Economics from Dokuz Eylül University.

Stephen Xuereb: Mr. Xuereb is a qualified accountant and is a Fellow of the Chartered Institute of Accountants in Malta. He also holds an MBA degree from Henley Business School, University of Reading.

Ece Gürsoy: Dr. Gürsoy holds an LLB degree from Istanbul University Law School, a GDL degree from College of Law, London and an LPC degree from BPP Law School. She also holds an LLM degree in Corporate and Commercial law from the University of London and a PhD degree in European Competition Law from King's College London. Dr. Gürsoy has also completed the Financial Times London's Non-Executive Director Diploma programme.

Mark Robinson

Chief Commercial Officer ('CCO')

26 February 2018

Mr. Robinson was appointed Chief Commercial Officer as of 26 February 2018. From 2016 to 2017, Mr. Robinson held a similar position at PortAventura World Parks & Resorts, where he was instrumental in creating the commercial strategy implementation while leading all key corporate development initiatives for international growth. Previously, in 2003, Mr. Robinson established Intercruises Shoreside & Port Services ('Intercruises') as a start-up within the TUI Travel & Hotelbeds Group. Over the following 13 years, Intercruises grew from a one-port operation into the world's number one global port services business with a turnover of over Euro 350 million and EBITDA of Euro 14 million. Prior to establishing Intercruises, Mr. Robinson was Senior VP, On-board Revenue, Land Programmes & Commercial, for Festival Cruises in Athens, Greece. Previously, he also held positions with First Choice and Thomson Holidays.

Mr. Robinson holds a degree in International Travel & Tourism from the University of Manchester and has also completed a senior advanced leadership and management course at INSEAD, Paris Fontainebleau.

Colin Murphy

Head of Business Development – Americas ('HoBD')

17 April 2017

Mr. Murphy joined the Group as Regional Coordinator, Americas, in April 2017 and was appointed to his current position in June 2018. Previously, he had a 19-year career with Norwegian Cruise Line, where he managed several operational divisions including the Shore Excursion and Onboard Revenue functions which constituted approximately 30% of company revenues. More recently, Mr. Murphy was Senior Vice President, Destination and Strategic Development, at Norwegian Cruise Line Holdings, where he oversaw various port-related development projects, negotiated major port agreements and was responsible for government relations. Mr. Murphy has served as Chairman of the Operations Committee of Florida Caribbean Cruise Association and has been a member of CLIA's Global Ports Committee.

Mr. Murphy holds a degree in Business Administration from The Polytechnic of the South Bank in London.

Carla Salvado

Director of Cruise Marketing ('CMD')

15 February 2016

Ms. Salvado was appointed Director of Cruise Marketing at GLI in 2016. She began her professional career at the Port of Barcelona in 1992 and was first active in the cruise industry in 2003. Between 2003 and 2006, Ms. Salvado was Secretary General of MedCruise, the association of the Mediterranean cruise industry. In 2006, Ms. Salvado joined Barcelona Port Authority as Cruise Manager and was appointed Marketing and Cruise Director in 2010. She has served on the Boards of Directors of Barcelona Cruise Port Creuers Terminals, Malága Cruise Port and MedCruise and was appointed President of MedCruise in September 2014. She is also a member of the Passenger Committee Network of European Sea Ports Association (ESPO).

Ms. Salvado holds a Bachelor's degree in Economics and Business Sciences from Pompeu Fabra University, Spain. She has also completed the Program for Management Development (PMD) at ESADE and attended the Value Innovation Program at INSEAD, Paris Fontainebleau.

Hande Doğu

Human Resources Director

02 July 2018

Ms. Doğu was appointed Human Resources Director as of 02 July 2018. Prior to joining the Company, Ms. Doğu was Country Human Resources Head for Avery Dennison. Previously, she spent 14 years as a Human Resources director within Arkas Holding, where she started as a Quality Systems Manager responsible for the development of quality management systems for container ports, logistics services and shipping line companies between 2004 and 2008. In 2008, Ms. Doğu was appointed Human Resources and Quality Manager responsible for all human resource implementation and development for Logistics Group companies within Arkas Holding, and in 2015, she was appointed International Human Resources Director responsible for Turkey, Russia, Ukraine, Kazakhstan, Azerbaijan, Georgia, China and Greece, managing a team of 15. Ms. Doğu began her professional career in 1998 as a Quality Systems Engineer for a medical device manufacturer.

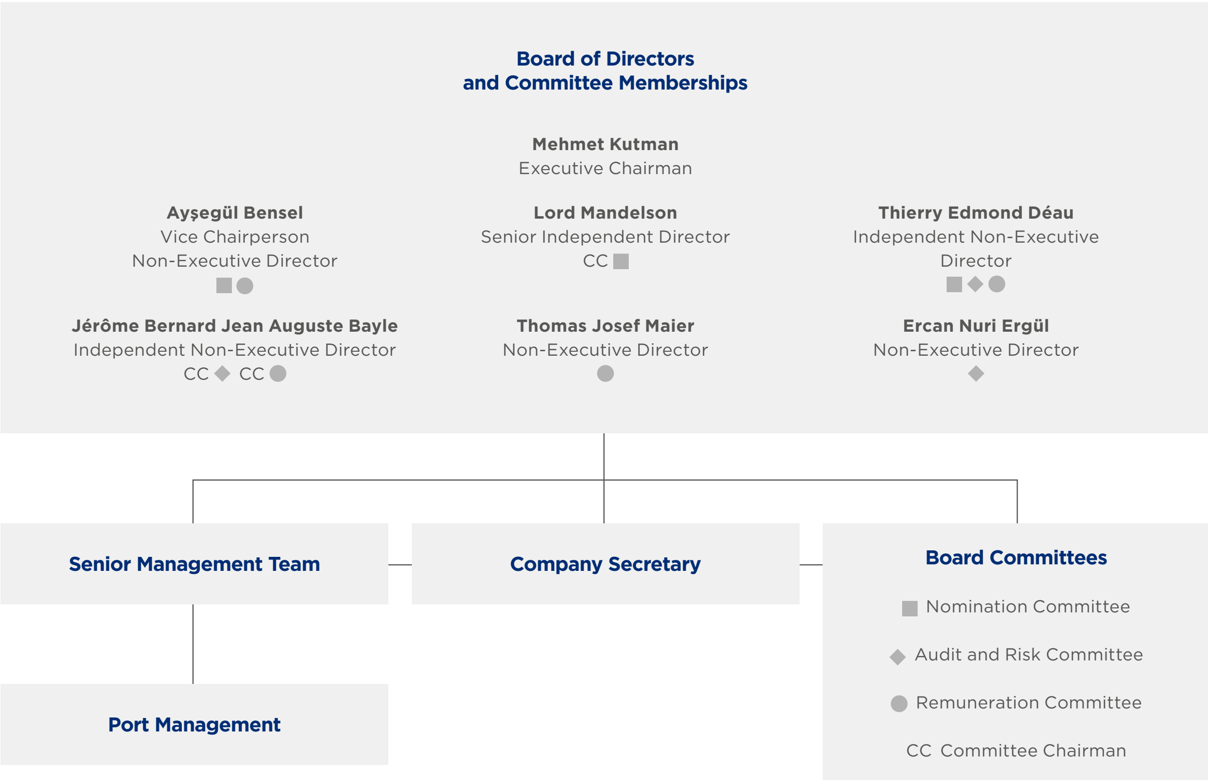
Ms. Doğu holds a bachelor's degree in Chemical Engineering from Hacettepe University, an MSc degree in Biomedical Engineering from Boğaziçi University and an MBA degree from Bilgi University. She is also certified as a Co-Active Coach by CTI and has been certified as a Lead Auditor and A-Class Occupational Safety Engineer.

Corporate Governance Framework

The role of the Board and its committees

The Board is responsible for overseeing the management of the Company and approves all its major decisions. Subject to the provisions of the Companies Act 2006, the Articles of Association (the 'Articles') and to directions given by special resolution of the Company, the Board may exercise all the powers of the Company whether relating to the management of the business or not. The Board meets regularly, at least once a quarter, and is instrumental in planning the medium and long-term strategy of the Company. Board resolutions are passed by a simple majority of Directors present at a meeting or unanimously in writing.

Matters reserved for consideration by the Board are detailed in a schedule which was first approved by the Board in December 2017, re-affirmed by the Board in December 2018 and which will continue to be reviewed annually. These key matters include setting the Group's values and standards, approval of long-term objectives and commercial and investment strategy, annual budgets, changes to capital structure, and of contracts, borrowing and investments over defined levels. The schedule of matters reserved for the Board can be found at www.globalportsholding.com under Investors — Corporate Governance.



The Board also considers legislative, environmental, health & safety, governance and employment issues, and approves policies. The Board is also ultimately responsible for determining the nature and extent of significant risks and maintaining sound risk management and internal control procedures throughout the Group. The Board's specific responsibilities in that regard are:

- to ensure the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Group and enable the Board to make a robust assessment of the principal risks;
- to determine the nature and extent of the principal risks faced, and to gauge those risks which the Group is willing to take in achieving its strategic objectives (risk appetite);
- to ensure that the appropriate culture and reward systems have been embedded throughout the Group;
- to agree how the principal risks should be managed or mitigated to reduce the likelihood of their incidence or their impact;
- to monitor and review the risk management and internal control systems, and management's process of monitoring and reviewing, and satisfying itself that they are functioning effectively and that corrective action is being taken where necessary; and
- to ensure sound internal and external information and communication processes, and taking responsibility for external communication on risk management and internal control.

The Board also reviews the performance of, and provides counsel to, the Senior Management Team in their day-to-day running of the business, and is ultimately responsible for the safeguarding of shareholders' interests and ensuring its own effectiveness. No member of the Senior Management Team or any other senior manager within the Group (collectively with the Senior Management Team, 'senior management') is also a member of the Board; however, the CEO attends most Board and committee meetings, in whole or part. Day-to-day management of the Group is delegated to the CEO and other members of the Senior Management Team as described further below.

The committees

On 12 April 2017, the Board constituted three committees, namely: the Nomination Committee, the Audit and Risk Committee and the Remuneration Committee.

The members of the committees were all appointed on that date, with the exception of Thierry Déau who was appointed as a fourth member of the Remuneration Committee on 16 August 2017. The existing membership of each of the committees was re-affirmed by the Board following the 2018 AGM at which all of the Directors were re-appointed.

The majority of members of each of the committees is independent of the controlling shareholder, GIH.

The Terms of Reference for each committee can be found at www.globalportsholding.com under Investors — Corporate Governance.

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and its committees. It also:
- considers succession planning for Directors and other senior management;
- assists the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance of the Board and its committees; and
- is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies.

The Audit and Risk Committee reviews the integrity of the financial information provided to shareholders, oversees the Company's system of internal controls and risk management, approves the internal and external audit process, and monitors the process for compliance with relevant laws, regulations and policies. An internal audit function is being put in place which will report in the first instance to the Audit and Risk Committee, and the Company has recently hired a new Head of Internal Audit Risk as set out on page 72.

The Remuneration Committee recommends and reviews the remuneration policy of the Group, ensuring it is aligned to the long-term success of the Company and overseeing the level and structure of company-wide remuneration in order to include all Group employees. It also approves the remuneration and benefits of the CEO and the Executive Chairman.

Operation of the Board

Meeting attendance

The Board meets regularly, at least once a quarter, and held a total of eight meetings during 2018.

The table below and the attendance tables in the Committee reports show the number of meetings individual Directors could have attended in 2018, and their actual attendance.

Although the attendance of Directors only is shown in the table below, the CEO also attended a majority of the Board's meetings during 2018. Other members of senior management also attended Board meetings from time to time at the invitation of the Chairman.

Director	Attendance	No. of meetings
Mehmet Kutman	8	8
Ayşegül Bensel	8	8
Lord Mandelson	8	8
Thierry Edmond Déau	5	8
Jérôme Bernard Jean Auguste Bayle	8	8
Thomas Josef Maier	8	8
Ercan Nuri Ergül	8	8

Retirement and election

There were no retirements from the Board in 2018.

All of the Directors were re-elected by shareholders at the 2018 AGM, being the first AGM after their appointment. The Directors are subject to re-election at each AGM, and having been endorsed by the Nomination Committee and the Board, all of the Directors have confirmed their intention to retire and seek re-election by shareholders at the 2019 AGM.

Independence

Three of the Board's seven members were nominated by GIH, in accordance with a Relationship Deed (dated 2 May 2017) between the Company, GPH B.V. and GIH. The remainder of the Board members are independent of the controlling shareholder, GIH.

The European Bank for Reconstruction and Development ('EBRD') formerly held 5.03% of the Company's shares. Thomas Maier was nominated to the Board in 2017 by EBRD, pursuant to the Framework Deed (dated 2 May 2017) between the Company and EBRD. This gave EBRD the right, for so long as it continued to hold at least 5% of the voting shares in the Company, to nominate one member of the Board – provided that such a Board member was independent of the controlling shareholder.

Although the Board acknowledged that Mr. Maier (as an ex-employee of EBRD) and, for that matter, any director nominated by EBRD, would not be considered independent for the purposes of the Governance Code, the rest of the Board nonetheless considered his role to be akin to that of an independent director for two reasons:

- The unique nature of EBRD, which is owned by 65 countries from five continents, as well as the European Union and the European Investment Bank, and is therefore distinguishable from an ordinary private sector investor. The Board notes that EBRD is committed to the highest standards of corporate governance and so views Thomas Maier's connection to EBRD in a positive light; and
- The fact that Mr. Maier is in fact independent of the controlling shareholder, GIH, which the rest of the Board considers to be significant from a governance perspective.

As such, when Mr. Maier's board seat is combined with those of Lord Mandelson, Thierry Edmond Déau and Jérôme Bernard Jean August Bayle, a majority of the Directors is independent of the controlling shareholder, GIH.

On 3 May 2018, EBRD exercised the right to sell 3,159,860 ordinary shares (representing all of its 5.03% stake) in the Company to GIH (or its nominee) pursuant to a put option agreement between GIH and EBRD, with settlement to occur in two tranches of 1,579,930 ordinary shares. As a result, EBRD has no nomination rights in respect of the Board at the Company's 2019 Annual General Meeting. Mr. Maier will stand for re-appointment at the 2019 AGM as an independent Director.

Conflicts of interest

The Companies Act 2006 places a duty on the Directors to ensure that they do not, without the Company's prior consent, place themselves in a position where there is a conflict, or possible conflict, between the duties they owe the Company and either their personal interests or other duties they owe to a third party. Under the Articles, a Director must declare actual or potential conflicts of interest and interests in existing or proposed transactions or arrangements with the Company and may be prohibited from voting on or being counted in the quorum in relation to a resolution concerning such a transaction or arrangement. The Board has the authority to authorise a conflict of interest on such terms as it may determine.

Directors' indemnity and insurance

The Company has provided indemnities to the Directors (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office. The Company also maintains appropriate insurance cover against legal action brought against its or its subsidiaries' Directors and officers. Neither the indemnity nor insurance provides cover in some events such as when a director is proved to have acted dishonestly or fraudulently.

The role of senior management

Day-to-day management of the Group is delegated to the Senior Management Team consisting of the CEO, COO, CFO, CCO, HoBD, CMD, CLO and HRD. The Senior Management Team is supported by finance, human resources, investor relations and other administrative staff. The Board communicates with senior management primarily through the CEO, who normally attends Board and committee meetings in whole or in part. An extensive update from the CEO has become a standard item on the agenda for quarterly Board meetings since the Company's re-registration as a public company.

The CFO and other members of senior management also attend Board and committee meetings on request, and the Company Secretary acts as a further liaison with the Senior Management Team and cooperates closely with the CLO.

In turn, the Senior Management Team oversees and interacts with the individual port management teams.

The Company has a well-defined operating model that relies on four distinct pillars: organisation, governance, functions and technology. That operating model centralises the senior management of the operations of each port within its enterprise and is based on operational and commercial synergies to promote maximum efficiency.

There are significant differences (from concession or management agreement terms to applicable legislation) between the operations of each of the Group's ports and, as a result, there is no single port-level operating model. Instead, the Company's operating model pillars are defined in each case in harmony with its integration agenda: to identify and capitalise on potential synergies, service opportunities and operational efficiency. As such, the Company's headquarters and port operations are able to share and combine best practices.

Division of responsibilities

The roles of Executive Chairman and CEO are separate and clearly defined.

The Executive Chairman is primarily responsible for leadership of the Board and has a pivotal role in creating the conditions for individual Director and Board effectiveness and ensuring a culture of openness and debate in the boardroom. As its Chairman, he is responsible for setting the Board's agenda and works closely with the Company Secretary in this regard. He ensures that the discussion time afforded to agenda items at Board meetings is adequate and used effectively. It is also his responsibility to ensure effective communication with the shareholders. The Executive Chairman is also significantly involved in the Group's non-organic business development.

The CEO, supported by his Senior Management Team, is responsible for the day-to-day management of the Group and, in the course thereof, the satisfactory execution of policies and strategy agreed by the Board.

Executive Chairman	Chief Executive Officer	Senior Independent Director
As Chairman of the Board, his primary role is to lead an effective Board, which provides direction to senior management. The Executive Chairman has also assumed significant executive responsibilities for the Group's non-organic business development, which complement the responsibilities of the CEO.	The CEO's role is to lead the senior management team. The CEO is not a member of the Board but attends Board meetings and reports, and is accountable, to the Board.	The role of the SID is to provide an alternative communication channel between the Executive Chairman and the Board and to provide an alternative point of contact for shareholders to raise any issues and concerns.

Diversity

At the employee level, the principle of diversity is recognised in the Code of Ethics, which sets out the Group's commitment to maintaining a comprehensive and diverse workplace, and in the separate Human Rights Policy, which mandates fair and equal processes in recruitment and employment. Consistent with our commitment to diversity, there is a mix of men and women with diverse backgrounds throughout the Group and a number of senior executive positions within the Company and its subsidiaries are held by women.

The Directors also have diverse national and ethnic backgrounds, personal attributes, skills and experience. The Board currently includes one female member and four of the eight Senior Management Team positions outlined in this Report are held by women.

The Board Diversity Policy was adopted in December 2018 in order to entrench the Company's commitment to maintaining diversity of approach and thought at Board level. The Policy recognises the benefits that diversity in its broadest sense can bring to the Board and its committees and, without limitation, the role that women with the right skills and experience can play in contributing to diversity of perspective in the boardroom. Accordingly, the Policy targets an initial increase in the number of female Board members to two during 2019. The Nomination Committee is considering how best to achieve that target and to ensure that the other aims of the Policy continue to be met. The Policy can be found at www.globalportsholding.com under Investors — Corporate Governance.

Areas of focus during the year

The Board held eight meetings during 2018, including quarterly meetings in March, May, August and December. The Directors also approved eight unanimous written resolutions during 2018.

The Board considered a number of governance matters during the year, and adopted the Board Diversity Policy as well as the Non-Audit Services Policy, TIP and the Group's Anti-Slavery Statement and Data Protection Policy.

The Board also focused extensively on business development and, specifically, the Company's inorganic and organic growth strategies, including the growth of ancillary revenues through the introduction of new services, and capital investment at existing ports. The Executive Chairman was significantly involved throughout 2018 in the Group's projects to invest in new ports.

At each of its quarterly meetings, the Board received and discussed detailed updates from the CEO regarding various aspects of business performance and strategy. The Board also received regular reports from the Committee Chairmen.

In March 2018, the Board recommended a final dividend for the 2017 year, which was declared (as a final dividend of 20.1 pence per ordinary share) by shareholders at the 2018 AGM and paid on 11 May 2018 in the aggregate amount of GBP 12.63 million (USD 17.13 million). In August 2018, the Board approved and declared an interim dividend, which was paid at the rate of 22 pence per ordinary share on 26 October 2018 in the aggregate amount of GBP 13.57 million (USD 17.71 million). Accordingly, total dividend paid in 2018 was USD 34.84 million.

Board evaluation
Performance evaluations of the committees, the full Board and the Directors individually will be made in three-year cycles, taking the form of an internal assessment by the Board's Chairman for each of the first two years and an assessment by an external consultant for the third year. The performance evaluations for the Company's first full year, ending 31 December 2018, have been undertaken by the Executive Chairman and will be reported on to the Board at its quarterly meeting in August 2019.

Risk and internal control
The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness, while the role of senior management is to implement Board policies on risk and control.

However, this system is designed to manage, rather than eliminate, the risks of failure to achieve business objectives, and internal controls can only provide reasonable assurance against mis-statement or loss. We note the Governance Code recommendation that the Board should review the effectiveness of the Group's system of internal controls at least annually, including financial, operational and compliance controls, and risk management. In November 2018, the Audit and Risk Committee considered a preliminary risk presentation prepared by the senior management team, and intends to conduct an in-depth review of risks and internal controls and report thereon to the Board during 2019.

Risk management: The Group's assessment of the principal risks and uncertainties is described within the Strategic report on pages 30 to 53 and in the Risk Management Framework on pages 24 to 29, which outline the ongoing process for identifying, evaluating and managing significant risks faced by the Group.

Internal control: The Group has an established framework of internal controls, which includes the following key elements:
- The Board reviews Group strategy, and senior management are accountable for performance within the agreed strategy;
- The Group's ports operate control procedures designed to ensure complete and accurate accounting of financial transactions and to limit exposure to loss of assets or fraud;
- The Audit and Risk Committee meets regularly. Its responsibilities and the matters considered by it during the year are set out in the Audit and Risk Committee Report on pages 70 to 73. The Audit and Risk Committee will receive reports from the internal audit function on the results of work carried out under an annually agreed audit programme, and also has full and unfettered access to the external auditors;
- Once fully in place, the internal audit function will facilitate a process whereby operating entities provide certified statements of compliance with specified and appropriate key financial controls; those controls will then be cyclically tested by internal audit to ensure they remain effective and are being consistently applied; and
- The Audit and Risk Committee will annually assess the effectiveness of the assurance provided by the internal and external auditors.

Share capital and shareholders
Share capital
Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 22 to the Accounts.

The share capital of the Company consists of one class of ordinary shares with a nominal value of GBP 0.01 each. Each ordinary share carries the right to one vote at general meetings of the Company, to receive any dividends declared according to the amount paid up on the share and, under general law, to participate proportionally in any surplus assets on winding up. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

At Admission, 50,000 redeemable non-voting preference shares ('Redeemable Shares') with a nominal value of GBP 1.00 each were in existence and were held by GPH B.V. The Redeemable Shares were redeemed for their nominal value in accordance with their terms on 20 February 2018 and have therefore now been cancelled. The Company does not intend to issue any further redeemable preference shares.

Implementation of the share-based Long Term Incentive Plan ('LTIP') commenced in 2018 with the establishment of an employee benefit trust structure, the appointment of related service providers, consideration in detail of appropriate LTIP performance targets, and a recommended allocation of Restricted Stock Units ('RSUs') to be granted from January 2019. The LTIP, approved at the 2018 AGM for the benefit of members of senior management and any future executive directors, is intended to align the interests of senior executives in the Group with those of shareholders, and to incentivise executive management to maximise value over the long-term. Details of the LTIP and its implementation are set out on pages 83 to 85 of the Remuneration Committee Report ('Remuneration Report').

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.
Aside from the redemption of the Redeemable Shares, no shares were repurchased by the Company during 2018.

Substantial shareholdings
As at 31 December 2018, the Company had been notified in accordance with Rule 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Substantial Shareholder	% of total voting rights[1]	Date of last notification
Global Ports Holding B.V.	54.23%	30 November 2018
Global Yatirim Holdings A.Ş.	5.03%	4 May 2018
GIC Private Limited	4.99%	28 September 2018
Landsdowne Partners	4.11%	23 August 2017
Första AP-fonden	4.06%	27 April 2018

1. The percentage interest is as stated by the shareholder at the time of notification, and current interests may vary.

As at 2 April 2019, being the latest practicable date prior to publication of this Annual Report, Global Yatirim Holdings A.Ş. has a 59.55% interest in the Company directly and through its 100% owned subsidiary GPH B.V., including a 57.06% registered shareholding. The remaining 40.45% of the total issued share capital of the Company represents free float. The following significant share transactions occurred during the year:

On 3 May 2018, EBRD exercised the right to sell 3,159,860 ordinary shares (representing all of its 5.03% stake) in the Company to GIH (or its nominee) pursuant to a put option agreement between GIH and EBRD. As a result of this transaction, EBRD has no nomination rights in respect of the Board at the upcoming 2019 AGM.

In November 2018, GIH procured the sale by its wholly-owned subsidiary GPH B.V. of 4 million ordinary shares in the Company, representing approximately 6.4% of its issued share capital, at a price of 435 pence per share by way of an accelerated bookbuild placing which closed on 4 December 2018. GPH B.V. informed the Company that the size of the placing was increased from the minimum of 2 million shares originally proposed as a result of additional investor demand.

The Directors do not have any direct ownership of shares of the Company. However, as at the 2018 year-end, Mehmet Kutman owned, directly and indirectly, 24.33% of GIH, representing 13.87% of the Company. From January 2019, members of senior management will have interests in shares of the Company pursuant to the LTIP as set out above and on pages 83 to 85 of the Remuneration Report.

There are no specific restrictions on the size of a holding nor on the transfer of ordinary shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Articles may be amended by special resolution of the shareholders.

Relations with shareholders

The Company has updated its website and created a dedicated investor relations section, which includes relevant contact details, the Company's annual reports and detailed corporate governance information for investors. Please see www.globalportsholding.com — Investors.

The Board considers its relationship with its shareholders to be of great importance, and readily enters into dialogue with them. On behalf of the Board, the Executive Chairman, certain Directors and members of senior management have consulted extensively with the Company's principal shareholders during the course of 2018 in relation to the ongoing progress. The Company is aware of the stewardship obligations of institutional investors as set out in the UK Stewardship Code, and will work with its institutional investors to ensure that they are able to satisfy these requirements.

All of the Directors have agreed to make themselves available for meetings with shareholders as required. The Company participated in the Goldman Sachs Transport & Leisure Conference in June 2018 and the J. P. Morgan Credit and Equities Emerging Market Conference in September 2018. Also in March and September 2018 the Company participated in full year and interim results roadshows as well as a number of ad hoc investor meetings during the year.

The Board receives reports with regard to relations with the major shareholders, and developments and changes in their shareholdings, and is also advised of feedback from the Company's brokers, Barclays and Shore Capital.

Annual General Meeting

The Company's Annual General Meeting is to be held at The Westbury Hotel, 37 Conduit Street, London W1S 2YF, United Kingdom on Friday, 24 May 2019 at 11.00 a.m.

The AGM provides shareholders with an opportunity to discuss the Group's progress and operations directly with the Board. At the AGM, the Company will propose separate resolutions on each substantially separate issue and the numbers of proxy votes cast for and against each resolution will be made available to shareholders when voting has been completed. The notice of the 2019 AGM will be sent to shareholders at least 21 clear days before the meeting.

Ayşegül Bensel
Vice Chairperson
4 April 2019

Protecting our shareholder interests

As Chairman of the Audit and Risk Committee (the 'Committee') for Global Ports Holding Plc, I am pleased to present the Committee's Report ('Report') in respect of the financial year ended 31 December 2018.

The Committee plays a vital role in the financial probity of the business with the ultimate aim of protecting shareholders' interests. In fulfilling its role, it focuses on key areas including financial controls and risk management, financial reporting and the independent external audit of this annual report and accounts.

Areas of focus during the year

Throughout 2018, the Committee was extremely active. As set out in more detail below, it oversaw the selection of KPMG LLP ('KPMG') as the Company's auditors, following a competitive tender process, and the transition to KPMG from the former auditor. The Committee also oversaw the drafting and adoption of the Non-Audit Services Policy, designed to help safeguard the independence and objectivity of the external auditor.

In conjunction with the Remuneration Committee, the Committee considered accounting issues relating to the share-based Long Term Incentive Plan ('LTIP'), under which awards will be granted from January 2019, and to new investments by the Group.

Focusing on internal control systems and risk management, the Committee supported and monitored senior management initiatives during the year, including the implementation of the Hyperion and disaster recovery systems which is being undertaken across the Group; the augmentation of the core Finance team, including the hiring of specialist IFRS and other staff which commenced during 2018; and the adoption of the Data Protection Policy and the port Technical Inspection Procedure ('TIP'). All are commendable, but I would note Hyperion and TIP in particular. The former will create an automated, more structured process for the reporting and consolidation of financial results and is expected to decrease the risk of mis-statements and to create a more reliable reporting environment. The TIP was developed with a view to providing outputs to assist with various aspects of Group planning and will be relevant for capex budgeting, the qualitative assessment of Group assets and facility-related discussions with port authorities.

The Committee also advised senior management with respect to overall financial risk identification, assessment and management.

The Audit and Risk Committee continues to progress the development of the internal audit function, and members of the Committee spearheaded the recruitment and hiring of Filiz Yücel Hazir as the new Head of Internal Audit and Risk starting in April 2019. In this role, Ms. Yücel Hazir and an internal audit team will support the Committee in its review of financial controls by examining and reporting on the adequacy of the Group's procedures from a risk-based perspective. The Committee will debate and approve the internal audit function's annual plan, as well as changes thereto, and receive regular reports on its work.

Financial reporting and judgments for 2018

The Committee has reviewed the Company's 2018 interim financial statements, and this Annual Report including the Company's 2018 annual financial statements, focusing on key judgements as well as the completeness and overall balance of reporting to shareholders. The Committee believes that KPMG, as external auditor, appropriately challenged management's key judgements and estimates as part of their audit work and the Committee has reviewed their written reports provided.

With respect to financial reporting and significant financial judgements for 2018, the Committee considered each key audit matter identified and analysed by management, including:
- the recoverability of goodwill and port operation rights, and whether those assets should be impaired. The Committee concluded that no impairment was necessary, and on that basis was satisfied that the assets were not impaired;
- the revision and partial reversal of the maintenance and replacement provisions in respect of the Barcelona and Málaga ports following their re-assessment by an external expert. The Committee concluded that the revision and reversal were justified; and
- the recoverability of the parent company's investment in subsidiaries having regard to the general condition of the Turkish economy. The Committee concluded that management's assessment of the recoverable amount of the parent company's investment in subsidiaries was acceptable.

The Committee also closely considered management's going concern analysis and viability statement process and scenarios. Having regard thereto, the Committee was satisfied that there was a reasonable expectation that the Company and the Group had adequate resources to continue in operational existence for the foreseeable future and that the going concern basis of accounting should continue to be adopted in preparing the consolidated financial statements.

Having regard to the foregoing, the Committee approved the disclosure in the 2018 annual financial statements.

The Committee also reviewed in detail the 2018 Annual Report as a whole, to ensure that it complies with applicable legal and regulatory requirements. Noting that parts of the Annual Report had also been reviewed by the Company's external legal adviser and an independent remuneration adviser, the Committee was satisfied that the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Going forward

During 2019, the Committee will maintain a sharp focus on financial controls and risk management in particular, maintaining a regular dialogue with senior management and meeting with them as appropriate to gain further assurance on implementation of key controls. The Committee will also monitor and advise management on its proposed restructuring of the Finance function along regional lines with a view to strengthening financial reporting from each of the Group's geographic areas of operation as it continues to expand.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Audit
and Risk Committee
4 April 2019

Role of the Audit and Risk Committee

The Committee reviews the integrity of the financial information provided to shareholders; oversees the Company's system of internal controls and risk management; directs the internal and external audit process; and monitors the process for compliance with relevant laws, regulations and policies.

The Committee's key responsibilities include:

- **Financial reporting:** monitoring and ensuring the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external and/or internal auditor;
- **Internal controls and risk management systems:** keeping under review the effectiveness of the Company's internal financial controls and internal control and risk management systems, and reviewing and approving the statements to be included in the annual report concerning internal controls and risk management;
- **Internal audit:** assisting with the establishment of the internal audit function, including vetting candidates and approving the appointment of the Head of Internal Audit and Risk; considering and approving the remit of the internal audit function and ensuring that, once it is in place, it will have adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, and that it will be free from management or other restrictions; and reviewing and assessing the annual internal audit plan;
- **External audit:** considering and making recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Company's external auditor; overseeing all aspects of the relationship with the external auditor, including assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole; meeting regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage, and at least once a year without management being present; reviewing and approving the annual audit plan at the start of the audit cycle; monitoring the statutory audit of the annual and consolidated financial statements; reviewing the findings of the audit with the external auditor; and reviewing any representation letter(s) requested by the external auditor before they are signed by management. The Committee on behalf of the Board will ensure that the relevant authorities are notified of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting, and the roles of the Committee and the Board in that process; and
- **Compliance, whistle-blowing and fraud:** reviewing the adequacy and security of the Group's arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; reviewing the Group's procedures for detecting fraud and systems and controls for ethical behaviour and the prevention of bribery (in accordance with the Ministry of Justice Bribery Act 2010 Guidance or other relevant guidance) and receiving reports on non-compliance; reviewing the adequacy and effectiveness of the Group's anti-money laundering systems and controls; and reviewing the adequacy and effectiveness of the Company's compliance function.

Detailed responsibilities are set out in the Committee's Terms of Reference ('TOR') which can be found at www.globalportsholding.com under Investors — Corporate Governance.

Audit and Risk Committee report continued

Members of the Audit and Risk committee

The members of the Audit and Risk Committee are Jérôme Bernard Jean Auguste Bayle (Chairman), Thierry Edmond Déau and Ercan Nuri Ergül. Messrs. Bayle and Déau are Independent Directors.

All three members of the Committee have extensive educational backgrounds and professional experience in business and finance relevant to their membership on the Committee as set out on pages 60 to 62.

Meetings of the Audit and Risk committee and reports to the Board

The Committee met six times during 2018. Reports from the Chairman of the Audit and Risk committee on the Committee's activities and its recommendations are included in the regular committee reports presented at meetings of the Board.

Meeting attendance

The table below shows the number of meetings individual members of the Committee could have attended, and their actual attendance.

Only the attendance of members of the Committee is shown in the table below; however, at the invitation of the Committee chairman, the CEO and/or CFO also attended five meetings in whole or in part during 2018.

Following their appointment in June 2018, senior representatives of KPMG as external auditor attended three meetings of the Committee.

Director	Attendance	No. of meetings
Jérôme Bernard Jean Auguste Bayle	6	6
Thierry Edmond Déau	5	6
Ercan Nuri Ergül	6	6

Internal controls and risk management

A key responsibility of the Committee is to keep under review the effectiveness of the Company's internal financial controls and internal control and risk management systems. The Committee will be supported by the internal audit function, which is being put in place and will report initially to the Committee. Filiz Yücel Hazir, the new Head of Internal Audit and Risk, has agreed to start in the role in April 2019.

The level of risk that is considered appropriate to accept in achieving the Company's strategic objectives are regularly monitored by the Committee and reviewed and validated by the Board on an annual basis, and the appropriateness of mitigating actions are determined in accordance with the Board-approved risk appetite for each given area.

The risk management process begins with the identification of significant risks by each function, and risks will be assessed by taking into account the potential impact and likelihood of the risks occurring and the mitigations identified. The specific functions covered are the Group's cruise port operations, commercial operations, investments and strategy, and internal business functions (comprising purchasing and payables, financial reporting and accounting, revenue and receivables, plant-property-equipment, payroll, Human Resources and safety). In November 2018, senior management made a detailed presentation to a meeting of the Committee attended by representatives of the external auditor consisting of a progress report and update on the risk management approach, potential Group risks and mitigating plans. The Committee agreed that the presentation provided a sound starting point for risk assessment and management which would be developed during 2019.

Going forward, the current level of risk will be compared to the Board's appetite to determine whether further mitigations are required. Risks that are specific to the function's activities will be managed within the function on an ongoing basis, with regular follow-up by the internal audit function. The most significant risks from each function (based on materiality or those which have common themes across the business) will be reviewed by the Committee, along with the principal risks and mitigations externally reported on pages 24 to 29 of this Annual Report. The Committee will also support senior management and the Board in the management of risks relating to key projects, third parties and places of operation.

The Group's principal business risks will be monitored and managed throughout the year by senior management, the internal audit function once in place and the Committee, which will report thereon to the Board. The Committee intends to provide risk reports to the Board at least on a quarterly basis starting in 2019. The Company's detailed risk management framework is set out earlier in this Report.

Appointment of a new auditor, independence and non-audit services

In May 2018, a competitive tender process (the 'Tender') was undertaken to select and formalise the appointment of an external auditor in respect of the Company, which resulted in the appointment of KPMG as the Company's auditors for the 2018 financial year. The Tender was commenced and executed in line with the procedural requirements stipulated in the Companies Act 2006 and Financial Reporting Regulations. The Committee regarded the Tender as good corporate governance and played a key role in assessing the submissions received.

Deloitte LLP ('Deloitte'), the Company's former auditor, determined not to participate in the Tender for commercial reasons. However, in the light of timing constraints under the Tender and to comply with ongoing requirements under the Companies Act 2006, the Company sought the re-appointment of Deloitte at the 2018 Annual General Meeting ('AGM'), and this was approved. It was agreed that Deloitte would be asked to resign if another firm was selected at the conclusion of the Tender and, in those circumstances, the Board would be authorised under section 489(3)(c) of the Companies Act 2006 to fill the resultant casual vacancy by appointing a new auditor for the 2018 financial year, provided that any subsequent proposal to re-appoint the successful audit firm in respect of the financial year beginning 1 January 2019 would be subject to shareholder approval at the 2019 AGM.

During the Tender, submissions were received from three audit firms. After careful consideration of the submissions, the Committee recommended to the Board that KPMG be appointed as external auditor. In doing so, the Committee noted that KPMG was recognised as a high quality and reputable firm and had good knowledge of the Group, having been its auditor until 2016. This decision was taken with particular regard to (i) the capability, experience and name recognition of the submitting firm; (ii) the likely ease and speed of transition from the existing auditors; (iii) fee levels quoted by each submitting firm for 2018; and (iv) independence, and following discussions with the firms' representatives and senior management.

KPMG has confirmed its independence as external auditor to the Company. KPMG performed the non-audit services in 2018 of USD 221 thousand, of which USD 191 thousand was related to their review of the half year financial information and USD 30 thousand was related to certification of Turkish tax return related services and Turkish Central Bank regulatory services. The Committee reviewed the work completed by the external auditor, as well as the provision of non-audit services, to ensure that the auditor maintained its independence.

In conjunction with the appointment of KPMG, the Committee oversaw the drafting of the Non-Audit Services Policy which was adopted by the Board on 16 August 2018. The Non-Audit Services Policy can be found at www.globalportsholding.com under Investors — Corporate Governance.

The Committee will continue to review the independence of the external auditor on a regular basis.

Reappointment of the external auditor and re-tender

The Committee has considered and recommends that KPMG be reappointed as the external auditor of the Company under the current external auditor contract. KPMG have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM. The Group will continue to carry out an annual review of external auditors to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor.

The Committee has a duty to ensure that the audit services contract is put out to tender at least once every ten years, to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms.

Optimising our leadership

The Nomination Committee (the 'Committee') is focused on optimising the quality and contribution of leadership within the Group, through an ongoing review of the composition and performance of the current Board and by formulating succession plans for the Board and senior management.

I currently chair the Committee, supported by my fellow members Thierry Edmond Déau and Ayşegül Bensel.

The Committee held its first meeting on 20 February 2018. It closely considered the contribution and commitment of the incumbent Directors, prior to recommending that the Board support the re-appointment of each of them at the 2018 AGM. In that regard, under the terms of their appointment, all members of the Board agree to retire at each AGM – at which point they may stand for re-appointment by the shareholders.

At the same meeting, the members also emphasised the importance of diversity and succession planning, which were designated as key agenda items for the Committee going forward.

Subsequently, as well as starting to compile a reserve-director list, the Committee considered and revised the overall Board Diversity Policy (the 'Diversity Policy'), which then was adopted by the Board.

At the Committee's second meeting on 21 February 2019, the members considered how best to achieve the Diversity Policy target for women's representation on the Board, and discussed potential candidates. Once again, the Committee also reviewed the contribution and commitment of the Directors, all of whom are seeking re-appointment at the 2019 AGM, and recommended that the Board support them in their bids.

During 2019, the Committee will also focus on ensuring that other aims of the Diversity Policy continue to be met. In that regard, succession planning will be an important area of focus, with a view to ensuring that the future membership of the Board reflects a sufficient balance between the introduction of fresh perspectives and the maintenance of continuity and stability. The Committee will also play a significant role in the first formal annual evaluation of the performance of the Board as a whole, its committees and the individual Board members, which is being undertaken by the Board Chairman.

Lord Mandelson
Chairman of the Nomination Committee
4 April 2019

Role of the Nomination committee

The Committee's key responsibilities include:

- **Structural review:** regularly reviewing the structure, size and composition of the Board (including the skills, knowledge, independence, experience and diversity of the Board) and making recommendations to the Board;
- **Succession planning:** giving consideration to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future;
- **Annual evaluation:** assisting the chairman of the Board to implement an annual evaluation process to assess the overall and individual performance of the Board and its committees, and reviewing the results that relate to the composition of the Board and its committees;
- **Board candidates:** identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. Also, as part of that process, reviewing any interests a candidate may have which conflict or may conflict with the interests of the Company; and
- **Recommendations:** making recommendations to the Board concerning succession plans; suitable candidates for the role of Senior Independent Director (SID); membership of the Audit and Risk Committee and the Remuneration Committee in consultation with the chairmen of those committees; the re-election of Directors by shareholders; any matters relating to the continuation in office of any director at any time including the suspension or termination of service of any future executive director as an employee of the Company; and the appointment of any director to executive or other office.

Members of the Nomination committee

The members of the Committee are Lord Mandelson (Chairman), Thierry Edmond Déau and Ayşegül Bensel. Lord Mandelson and Mr. Déau are independent Directors.

Meeting attendance and reports to the Board

The table below shows the number of meetings individual members of the Committee could have attended in 2018, and their actual attendance.

Meeting attendance

The table below shows the number of meetings individual members of the Committee could have attended in 2018, and their actual attendance.

Director	Attendance	No. of meetings
Lord Mandelson	1	1
Thierry Edmond Déau	1	1
Ayşegül Bensel	1	1

The Committee members also communicated informally between meetings during the year. The Committee held a second meeting on 21 February 2019, and plans to meet formally at least once a year in accordance with its revised Terms of Reference.

Reports from the Chairman of the Nomination committee on the Committee's activities and its recommendations will be included in the regular committee reports that are presented at meetings of the Board.

Appropriate remuneration

As Chairman of the Remuneration Committee (the 'Committee') for Global Ports Holding Plc, I am pleased to present the Committee's Report ('Report') for the financial year ended 31 December 2018, being the Company's first full year as an LSE-listed company.

In accordance with the reporting regulations, this Report comprises three sections:

- this Annual Statement;
- the three-year Remuneration Policy (or 'Policy'), which was approved by shareholders at the Annual General Meeting ('AGM') held on 8 May 2018 and which comprises distinct policies for:
  - the Executive Chairman
  - Non-Executive Directors and
  - the Senior Management Team and other senior managers within the Group (collectively, 'senior management') and any future Executive Directors, and
- our Annual Report on Remuneration ('Annual Remuneration Report'), which details the Directors' remuneration from 1 January 2018 to 31 December 2018 and the implementation of the Remuneration Policy during 2018. This will be subject to an advisory vote at the 2019 AGM.

Apart from the Executive Chairman, all of the Company's Directors during 2018 were non-executive and their fees are set out in the Annual Remuneration Report below.

As the Board currently includes only Non-Executive Directors and the Executive Chairman, the Remuneration Policy for senior management and Executive Directors set out in this Report currently only applies to senior management. However, it would also apply to any future Executive Director appointed to the Board during the three-year Policy period.

Committee members and independence

I currently chair the Committee, supported by my fellow Committee members Ayşegül Bensel, Thierry Edmond Déau and Thomas Josef Maier.

In accordance with the terms of reference ('TOR') of the Committee, three of the Committee members, including myself, are independent of the Company's controlling shareholder.

The Committee may invite other Directors or members of senior management to attend meetings. As Committee Chairman, I liaise closely with the Human Resources Director and CEO in particular and relay their input to the Committee, whether or not they attend meetings.

No-one is present at a meeting during any discussion or decision about their own remuneration.

Key areas of responsibility

The Committee's key areas of responsibility include:

- recommending, monitoring (and, if necessary, vetoing) the level and structure of remuneration for all Group employees, including senior management;
- determining the structure and levels of remuneration for the Company's Executive Chairman, any Executive Directors and all Group employees at grades of C-level or higher; and
- preparing the Annual Remuneration Report for approval by shareholders at the AGM.

Detailed responsibilities are set out in the Committee's TOR which can be found at www.globalportsholding.com under Investors – Corporate Governance.

Activities of the Committee during the year

The Committee met formally three times between 1 January 2018 and 31 December 2018, and also spent a significant amount of time during the period reviewing and refining executive remuneration arrangements with a view to ensuring that they remain appropriate for the Company and incorporate relevant market best practice.

In particular, during 2018 the Committee commenced the implementation of the share-based Long Term Incentive Plan ('LTIP') with the establishment of an employee benefit trust, the appointment of related service providers, consideration in detail of appropriate LTIP performance targets, and approval of Restricted Stock Unit ('RSU') allocations granted from January 2019. The Committee was also responsible for finalising proposals regarding remuneration arrangements for the CEO and the Executive Chairman.

Meeting attendance

The table below shows the number of meetings individual members of the Committee could have attended during 2018, and their actual attendance.

Director	Attendance	No. of meetings
Jérôme Bernard Jean Auguste Bayle (Chairman)	3	3
Ayşegül Bensel	3	3
Thierry Edmond Déau	2	3
Thomas Josef Maier	3	3

Our approach to developing the Company's Remuneration Policy

The aims for executive remuneration within the Group remain unchanged: namely, to support the achievement of the Company's strategy; to help attract, retain and motivate the right executive talent; and to further align management and shareholder interests.

Remuneration levels for senior management and any future Executive Directors are set at levels that are considered by the Remuneration Committee to be appropriate for the size, nature and stage of development of the business, having regard to salary bandings commissioned by remuneration specialists. Performance-based incentives form a material part of the remuneration package for all our senior executives and are based on stretching performance targets that support both the short-term and long-term business strategy.

In formulating the Remuneration Policy, the Committee took specialist, independent advice from Mercer | Kepler with a view to ensuring that the Company's remuneration policy incorporates current best practice for a UK-listed company.

The Remuneration Policy was adopted by shareholders at the 2018 AGM held on 8 May 2018 and is intended to operate for a 3-year period from that date. The Committee believes that its approach to remuneration will support the delivery of the Company's aims during its initial years as a publicly-listed company by helping to ensure close alignment of pay outcomes with the Company's performance and long-term success. The key features of the Remuneration Policy are summarised on page 78 ('Our remuneration at a glance') and the Policy is reproduced for reference on pages 76 to 88.

The annual bonus for 2018 was based on EBITDA, with a multiplier for personal performance.

The first LTIP awards will be granted from January 2019 based on two performance measures selected to reinforce our strategic drivers and support alignment of executive pay outcomes with shareholder interests: the awards will vest 50% on 3-year Earnings Per Share ('EPS') growth and 50% on 3-year Total Shareholder Return ('TSR'). The Committee has approved allocations of RSUs under the LTIP to the CEO and 17 other members of senior management.

We hope you find this Report helpful in explaining the implementation of the Policy in 2018 and our approach for 2019, as well as the rationale for key Committee decisions during 2018.

The Committee believes that the Policy and the approach to implementing it are in the best interests of shareholders, and we hope that you will approve the Annual Remuneration Report when it is put to an advisory vote at the 2019 AGM.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
4 April 2019

Basis of preparation of this report

This Report has been prepared in accordance with the provisions of the UK Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UKLA's Listing Rules. It has been reviewed by independent remuneration consultants, Mercer | Kepler, who advised the Committee during the development of the Policy and on its implementation for the 2018 financial year.

Our remuneration at a glance

Developing our Remuneration Policy

Following the admission to listing of the Company's shares ('Listing'), transitional remuneration arrangements were put in place to cover the period from Listing to 31 December 2017. During this period, the Remuneration Committee worked with Mercer | Kepler to develop the Remuneration Policy described below, which was approved by shareholders at the 2018 AGM.

Remuneration principles

The policy reflects the remuneration principles (see pages 76 to 88) agreed by the Remuneration Committee which help ensure that remuneration outcomes align with the Company's performance and shareholder interests.

Shareholder consultation and approval

The views of our shareholders and the broader investor community are important to the Committee. During the development of the policy, the Committee engaged with the Company's largest shareholder and also took account of the guidelines issued by various investor bodies on remuneration governance, including the importance of aligning executive remuneration with performance and the need to take into account remuneration arrangements for the wider workforce.

The Committee is keen to foster an open and transparent approach to setting and determining outcomes against the Remuneration Policy.

At the 2018 AGM, shareholders approved the directors' remuneration report by 99.99% 'for' and 0.01% 'against' the resolution, with 337 votes withheld, while the directors' remuneration policy was approved by 100% 'for' and 0% 'against', with 337 votes withheld.

Remuneration policy report

This section of the Report sets out the Remuneration Policy, which was approved by shareholders at the AGM held on 8 May 2018 and is intended to be effective for three years from that date. The Policy, which was developed to reflect the guiding principles set out on pages 76 to 77, comprises distinct policies for the Executive Chairman, Non-Executive Directors, and senior management and any future Executive Directors:

Remuneration Policy for the Executive Chairman:

The Executive Chairman received a fee of USD 200,000 per annum in 2018 (increased from the transitional amount of USD 120,000 per annum in recognition of his significant involvement in business development for the Group, as well as his role as Chairman of the Board).

Effective from 1 February 2019, the Committee approved in principle a further increase to the Executive Chairman's fee to USD 420,000 per annum having regard to the increasing time commitment of the Executive Chairman, the results of independent external market benchmarking, and the increase in size of the Group. The increase became effective following the award to the Company of the concession for cruise port operations in Antigua. Please see page 87.

The Executive Chairman is not eligible to participate in any of the Company's incentives or share schemes or in any of the Company's other benefit arrangements.

Remuneration Policy for the Non-Executive Directors:

The remuneration for Non-Executive Directors comprises a Board fee and an additional fee for other duties, which include serving on one or more Board committees. Fees are set at a competitive level to recruit and retain Directors of the highest calibre.

The Non-Executive Directors are not eligible to participate in any of the Company's incentives or share schemes or in any of the Company's other benefit arrangements.

Remuneration Policy for senior management and Executive Directors:

The remuneration for members of senior management and any future Executive Directors comprises salary, benefits and short-term & long-term incentive plan as described on pages 83 to 85.

Remuneration policy table for Executive Chairman

Details of the Policy on fees to be paid to our Executive Chairman are set out in the table below:

Purpose and link to strategy	Operation	Opportunity	Performance measures
Executive Chairman's remuneration			
To recognize the Executive Chairman's significant time commitment to the Company and his role in business development for the Group as well as his role as Chairman of the Board.	The Executive Chairman's fee is set by the Remuneration Committee at a level which it considers commensurate with the significant time commitment he is expected to give to the Group. The Executive Chairman is also provided with an office and full time secretarial and administrative support in London. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed. Without limitation to the foregoing, the Company will reimburse the Executive Chairman for the reasonable cost of obtaining independent advice in accordance with Board procedure.	The Executive Chairman is not entitled to participate in the Short-Term Incentive Plan ('STIP') or the LTIP and does not otherwise receive share options or retirement benefits from the Company.	Not applicable.

Executive Chairman letter of appointment

The Executive Chairman has a letter of appointment and is submitted for re-appointment annually. The Executive Chairman was re-appointed at the 2018 AGM.

The dates relating to the appointment of the Executive Chairman are below:

Director	Role	Date of original appointment and of letter of appointment	Date of re-appointment
Mehmet Kutman	Executive Chairman and Co-Founder	11 April 2017	8 May 2018

The Executive Chairman's letter of appointment is available for inspection at the Company's registered office during normal business hours.

Remuneration Policy table for Non-Executive Directors

Details of the Policy on fees to be paid to our Non-Executive Directors are set out in the table below:

Purpose and link to strategy	Operation	Opportunity	Performance measures
Non-Executive Director remuneration			
Fees for the Non-Executive Directors are set at a competitive level to recruit and retain directors of the highest calibre, with broad commercial and other relevant experience, to guide and influence Board-level decision-making.	Fee levels will typically be reviewed annually, with any adjustments effective January in the year following review. The fees of Non-Executive Directors are set by the Board as a whole within the limits set in the Company's Articles of Association. Non-Executive Directors receive a base fee for membership on the Board and an additional fee for all other duties, including serving on 1 or more Board committees. The Company reimburses the Non-Executive Directors for reasonable and properly-documented expenses incurred in performing their duties. Without limitation to the foregoing, the Company will reimburse the Non-Executive Directors for the reasonable cost of obtaining independent advice in accordance with Board procedure. The Non-Executive Directors have the benefit of directors' and officers' liability insurance and a deed of indemnity from the Company.	Fee increases may be applied taking into account the outcome of the annual fee review. Under the Articles of Association, the aggregate amount of fees paid to the Directors is capped. At the 2018 AGM, the aggregate limit was increased from GBP 1.0 million to GBP 1.5 million per annum to cover any additional Directors. The current Non-Executive Directors are not entitled to participate in annual bonuses or any long-term incentive share plan and do not otherwise receive share options or retirement benefits from the Company.	Not applicable.

Non-Executive Director letters of appointment

The Non-Executive Directors have letters of appointment and submit themselves for re-appointment annually. All Non-Executive Directors were re-appointed at the 2018 AGM.

The dates relating to the appointments of the Non-Executive Directors who served during the reporting period are as follows:

Director	Role	Date of original appointment and of letter of appointment	Date of re-appointment
Ayşegül Bensel	Vice Chairperson	12 April 2017	8 May 2018
Lord Mandelson	Board Member – Senior Independent Director	12 April 2017	8 May 2018
Thierry Edmond Déau	Board Member – Independent	12 April 2017	8 May 2018
Jérôme Bernard Jean Auguste Bayle	Board Member – Independent	12 April 2017	8 May 2018
Thomas Josef Maier	Board Member	12 April 2017	8 May 2018
Ercan Nuri Ergül	Board Member	11 April 2017	8 May 2018

The current Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours.

Remuneration Policy table for senior management and Executive Directors (excluding the Executive Chairman)

The Remuneration Policy set out below currently applies only to members of senior management. However, it would also apply to an Executive Director should an Executive Director be appointed to the Board. In that case, references below to the Remuneration Policy for a 'senior manager' would apply to an 'Executive Director'. This section of the Remuneration Policy does not apply to the Executive Chairman, who is remunerated in accordance with the details elsewhere in this Remuneration Report.

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To attract and retain talented executives to deliver the Company's strategy, by ensuring base salaries and total packages are competitive in relevant talent markets, while not overpaying.	Base salaries are reviewed by the Committee annually, in the context of personal and Company performance, and by reference to external market benchmarking. Any resulting changes will normally be effective from January. Salaries are positioned to reflect professional experience and level of responsibility.	There is no prescribed maximum salary payable. Salaries will be set on a case-by-case basis to reflect the role, and the experience and qualifications of the individual role-holder. Base salary % increases for the senior managers will normally be aligned with those of the wider workforce but may be made above this if there is a material change in responsibilities, size or complexity of the role, or if a senior manager was intentionally appointed to the Board on a below-market salary, but with the intention of moving it to market over time subject to performance in the role. If an Executive Director is appointed, their base salary for the year under review and proposed for the following year would be disclosed in the relevant year's Annual Report on Remuneration, together with the rationale for any increase.	Not applicable.
Pension			
To provide an appropriate level of post-retirement benefit.	Although the Company currently does not have a formal pension plan, Executive Directors will be able to voluntarily designate a portion of their salary to be invested by the Company in a pension plan with a recognised third party provider.		

Purpose and link to strategy	Operation	Opportunity	Performance measures
Other taxable benefits			
To provide other competitive benefits for comparable roles in the market in which the senior manager is employed.	The Company may also provide senior managers with benefits in kind including, but not limited to, company car or car allowance, financial and/or legal advice, an expatriate allowance, relocation expenses and a housing allowance.	Benefits for executives and senior managers are generally set at a level which reflects competitive practice in the relevant market. It is not anticipated that the costs of benefits provided would increase significantly over the Policy period, although the Committee retains discretion to approve non-material increases in cost. In addition, the Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. to facilitate recruitment,) or in circumstances where factors outside the Company's control have changed (e.g. general increases in the cost of insurance cover). In the case of an Executive Director, benefits in respect of the year under review will be disclosed in the relevant year's Annual Report on Remuneration.	Not applicable.
Short-term incentive plan (STIP)			
To incentivise executives to deliver strong performance on an annual basis, to reward progress towards the Company's strategic goals, and to underpin the longer-term health and growth of the business.	Performance measures, targets and corresponding weightings are set by the Committee at the start of the year. After the end of the financial year, the Committee determines the level of bonus to be paid, taking into account the extent to which targets have been achieved. Bonuses are payable in cash. Malus and clawback provisions apply to the bonuses in certain circumstances (as set out in the Notes to the Policy Table).	The normal maximum annual bonus opportunity is 50% of base salary with up to 75% in exceptional circumstances. The payout for on-target performance is 50% of maximum.	Performance is assessed on an annual basis against specific objectives set at the start of each year. Financial measures make up the majority of the bonus opportunity, although these may be supplemented with non-financial metrics and personal objectives, as appropriate. Bonus measures are weighted according to the business priorities for the year. Targets under each measure are generally calibrated with reference to the Company's budget. The Committee may adjust the formulaic annual bonus outcomes (including down to zero) to ensure outcomes are not misaligned with the Company's Remuneration Principles, for example to avoid unintended outcomes, to better align pay outcomes with underlying Company performance or to ensure fairness to shareholders and participants. If an Executive Director is appointed, further details will be disclosed in the relevant year's Annual Report on Remuneration. Performance targets set for each year will be disclosed at the end of the year in question.

Purpose and link to strategy	Operation	Opportunity	Performance measures
Long-term incentive plan (LTIP)			
To align the interests of executives with those of shareholders, and to incentivise management to maximise value over the long-term.	Senior managers are eligible to receive annual awards of RSUs, conditional rights to receive shares in the Company. The Committee may also award share options or restricted shares. Prior to awards being granted, the Committee sets performance conditions and targets which are stretching and aligned to the Company's strategy. LTIP awards to executives and senior managers typically have a performance and vesting period of not less than 3 years. If threshold performance has not been achieved at the end of the relevant performance period, the awards would not vest. The Remuneration Committee may also determine that vested LTIP shares be made subject to a holding period after the Vesting Date. The Remuneration Committee has discretion to award dividend equivalents on Awards, in which case the number of shares which are subject to an LTIP award will be increased to reflect the value of the corresponding dividends during the performance period (or an equivalent value will be granted in cash at the discretion of the Remuneration Committee). LTIP awards granted to senior managers will be subject to malus and clawback provisions, as set out in the Notes to the Policy Table.	The maximum annual LTIP opportunity is 100% of base salary. 25% of an award will vest if performance against each performance condition is at threshold and 100% will vest if it is at stretch (being the minimum level of performance required for full vesting), with straightline vesting in between. Further details of any LTIP awards granted to any Executive Director will be disclosed in the relevant Annual Report on Remuneration. Having regard to the decrease in the Company's share price since Listing, the Committee shall have discretion during the initial two years of the LTIP to propose a decrease in the number of shares that would otherwise be allocated under the principles above, subject to Board approval of the reduction.	Vesting of the LTIP is subject to continued employment during the performance period and the achievement of performance conditions. If an Executive Director is appointed, further details will be disclosed in the relevant Annual Report on Remuneration, including the performance targets attached on any LTIP awards made, for each cycle.

Notes to the policy table

Approach to target-setting and performance measure selection

The Committee considers carefully the selection of performance measures at the start of each performance cycle, taking into account the Company's strategic goals, annual priorities and the relevant political and macro-economic environment.

Annual bonus measures are selected to align with the Company's annual priorities. Measures may change from year to year. The rationale for any changes to bonus measures will be disclosed in the relevant Annual Report on Remuneration.

LTIP performance measures are selected to ensure they align with the Company's strategy and with long-term growth in shareholder value. They are intended to help align senior managers' interests with those of shareholders. The first LTIP awards will be granted from January 2019 based 50% on 3-year EPS growth and 50% on 3-year absolute TSR.

Targets are set to be stretching and motivational. EPS targets are set taking into account multiple relevant reference points, including internal forecasts, external expectations for the future performance of the Company, and typical performance ranges for these measures at other companies of comparable size in our sector.

As determined by the Board, shares issued under the LTIP are subject to a dilution limit of up to 3% over 10 years.

Malus and clawback
In respect of the bonus or LTIP, the Committee has the discretion to reduce an award before vesting or require an award holder to pay back shares or a cash amount in the event of financial misstatement of the Company, fraud on the part of the award holder, any breach of the Company's code of conduct by the award holder, or in any other similar circumstances deemed appropriate by the Committee. The Committee may seek to claw back shares for a period of up to two years after an award holder's departure from the Group.

Remuneration for the wider workforce
Remuneration for the wider workforce is determined based on broadly consistent principles as those for senior managers and executives. Annual salary reviews take into account Company performance, local pay and market conditions to help ensure that reward within the Group remains competitive. Incentive bonus arrangements are in place for employees below the executive level which are tied to employee performance targets and EBITDA.

Approach to remuneration on recruitment
External appointments
In cases of hiring or appointing an Executive Director from outside the Company, the Committee may make use of all existing components of remuneration set out in the Policy table, up to the disclosed maximum opportunities (where applicable). As set out in the table on pages 81 to 83, in normal circumstances the sum of maximum opportunities under the STIP and LTIP is 150% of salary, and in exceptional circumstances, 175% of salary. This is subject to Committee and Board discretion during the initial two years of the LTIP performance period to reduce the number of shares allocated to reflect low share price levels.

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors, based on the circumstances at that time, to ensure that remuneration arrangements are in the best interests of the Company and its shareholders. This may include factors such as the experience and skills of the individual, internal comparisons and relevant market data.

The Committee may also make an award in respect of a new appointment to 'buy-out' incentive arrangements forfeited on leaving a previous employer. Buy-out awards made be over and above the maximum limits on incentive opportunities set out in the Policy table above. In doing so, the Committee will consider all relevant factors, including any performance conditions attached to awards, the likelihood of those conditions being met, and the time over which they would have vested. The intention is that the expected value of any buy-out award would be no higher than the expected value of the awards foregone, and that the structure will replicate (as far as reasonably possible) that of the awards forfeited. The Committee may consider it appropriate to structure 'buy-out' awards differently from the structure described in the Policy table, exercising its discretion under the LTIP rules to offer awards in other forms (including market value options, restricted shares, forfeitable shares or phantom awards) and the discretion available under UKLA Listing Rule 9.4.2R where necessary, to make a one-off award to an Executive Director in this context.

Internal promotion
Where an Executive Director is appointed by way of internal promotion, the Policy will be consistent with that for external appointees as detailed above (other than in relation to 'buy-out' awards). Any commitments made prior to an individual's promotion will continue to be honoured even if they would not otherwise be consistent with the Policy prevailing when the commitment is fulfilled, although the Company may, where appropriate, seek to revise an individual's existing service contract on promotion to align it with that of the other Executive Directors and good practice.

Disclosure on the remuneration structure of any new Executive Director, including details of any 'buy-out' awards, will be disclosed in the RNS notification made at the time of appointment and in the Annual Report on Remuneration for the year in which recruitment occurred.

Non-Executive Directors
In recruiting a new Non-Executive Director, the Remuneration Committee will apply the Policy as set out in the table on page 80 in this Report. A base fee in line with the prevailing fee schedule would be payable for Board membership, with an additional fee payable for all other duties, including serving on 1 or more of the Board's Committees.

Executive Director service contracts
In accordance with general market practice, any Executive Director will have a rolling service contract and a notice period of three months.

Exit payments policy
The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of termination. All Executive Directors' contracts will provide for the payment of a pre-determined sum in the event of termination of employment in certain circumstances (but excluding circumstances where the Company is entitled to dismiss without compensation), comprising base salary, pension allowance and benefits in respect of the unexpired portion of the notice period. Termination payments may take the form of payments in lieu of notice. Payments would normally be made on a phased basis and subject to mitigation.

If the employment is terminated by the Company, the Committee retains the discretion to settle any other amount the Committee considers reasonable to the Executive Director including in settlement of claims, in respect of legal fees incurred in connection with the termination, and fees for any outplacement services and relocation costs.

In addition to contractual provisions, the table below summarises how awards under each discretionary incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

Disclosure in relation to any departing Executive Director, including details of any remuneration payment made to him or her after their employment ceases, will be provided in the relevant year's Directors' Remuneration Report.

Reason for cessation	Calculation of vesting/payment	Timing of vesting/payment
Annual bonus		
Injury, ill-health, disability, death, redundancy, retirement, or other such event as the Committee determines.	The Committee may determine that a bonus is payable on cessation of employment (normally pro-rated for the proportion of the performance year worked). The bonus payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the usual payment date.
All other reasons (including voluntary resignation).	No bonus will be paid for the financial year.	Not applicable.
LTIP (awards from January 2019 onwards)		
Resignation or dismissal for cause.	Awards will lapse, unless the Remuneration Committee determines within 30 days of cessation of employment to treat the individual as a 'good leaver'.	Not applicable.
Death, ill-health or disability.	Personal representatives will be entitled to exercise their LTIP Awards within the twelve-month period immediately following their death or the tenth anniversary of the Date of Grant (subject to pro-rating).	Within twelve months following death (or the tenth anniversary of the Date of Grant).
Redundancy, retirement or injury.	The Committee may determine that an LTIP is payable for the proportion of the performance period worked. The LTIP payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the date of the event.
Change of control.	Any unvested awards will vest immediately subject to being pro-rated for time and subject to any reduction based on the Committee's assessment of whether performance conditions have been satisfied to the date of the event, or are likely to be satisfied at the end of the performance period.	At the date of the event.

The treatment of shares subject to deferral or holding periods will be subject to the Remuneration Committee's discretion and will take into account the circumstances at the time, with the normal treatment being that the relevant deferral or holding period continues to apply. In the event of an award holder's death, any deferral or holding period will no longer be applied.

External appointments held by Executive Directors
Executive Directors may only accept external appointments subject to agreement by the Board. Details of any external appointments and the associated fees received will be included in the Annual Report on Remuneration.

Consideration of conditions elsewhere in the Company
The Committee seeks to promote and maintain good relations with employees as part of its broader employee engagement strategy. It considers pay practices across the Company and is mindful of the salary increases applying across the rest of the business in relevant markets when considering any increases to salaries for senior managers. The Committee does not currently formally consult with employees on its executive remuneration policy.

Consideration of shareholder views
The Committee will take into consideration all shareholder views received during the year and at the AGM, as well as guidance from shareholder representative bodies more broadly, in shaping the Company's implementation of its Remuneration Policy, as well as any future changes to the Policy. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Annual report on remuneration

This section of the Remuneration report provides details of how our Remuneration Policy was implemented during the year ended 31 December 2018, and how it will be implemented in the year ending 31 December 2019.

Committee membership in 2018 and meeting attendance

The Committee is composed of four Non-Executive Directors:

Jérôme Bernard Jean Auguste Bayle – Committee Chairman (independent)
Ayşegül Bensel – Non-Executive Director
Thierry Edmond Déau – Non-Executive Director (independent)
Thomas Josef Maier – Non-Executive Director (quasi-independent)

The Committee met formally three times during the financial year ending 31 December 2018. The table on page 77 shows the number of meetings individual members of the Committee could have attended during 2018, and their actual attendance.

The Remuneration Committee is responsible for assisting the Board in discharging its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy) and determining the individual remuneration and benefits packages of each of the Executive Chairman and any Executive Directors.

Advisers

The Committee has re-appointed Mercer | Kepler as independent remuneration adviser, and they report to the Committee Chairman. Mercer | Kepler is a member of the UK Remuneration Consultants Group and operates voluntarily under the Code of Conduct in relation to executive remuneration consulting.

Mercer | Kepler does not have any other connection with the Company and is considered to be independent by the Committee. Fees paid to Mercer | Kepler are determined on a time and materials basis and totalled GBP 20,000 (excluding expenses and VAT) during the financial year ended 31 December 2018 in their capacity as advisers to the Committee.

Single total figure of remuneration for the Executive Chairman and the Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by the Executive Chairman and each Non-Executive Director for the financial year ended 31 December 2018:

Director	Total fees for 2018[1]	Total fees for 2017
Mehmet Kutman[2]	USD 378,000	USD 275,171
Ayşegül Bensel[3]	USD 183,560	USD 148,746
Lord Mandelson (Senior Independent Director)[4]	USD 156,200	USD 112,428
Thierry Déau	USD 120,000	USD 85,999
Jérôme Bernard Jean Auguste Bayle	USD 120,000	USD 85,999
Thomas Josef Maier	USD 120,000	USD 85,999
Ercan Nuri Ergül[5]	USD 125,500	USD 92,735

1. Reflects the fees paid by the Company and subsidiaries of the Company from 1 January 2018 to 31 December 2018.
2. Includes the additional fee from subsidiaries of the Company of USD 178,000 for Mr. Kutman in 2018 (USD 188,709.47 in 2017).
3. Includes the additional fee from subsidiaries of the Company of USD 63,560 for Mrs. Bensel in 2018 (USD 62,747 in 2017).
4. Lord Mandelson is the only Non-Executive Director to be paid in GBP. His fee for 2018 was set at GBP 120,000 (GBP 120,000 in 2017).
5. Includes the additional fee from subsidiaries of the Company of USD 5,500 for Mr. Ergül 2018 (USD 6,273.47 in 2017).

Relative importance of spend on pay

On 11 May 2018, the Company paid a final dividend in respect of 2017 of 20.1 pence per share, totalling GBP 12.63 million (USD 17.13 million), which had been approved by shareholders at the 2018 AGM.

On 26 October 2018, the Company paid an interim dividend for 2018 of GBP 0.22 per share, totalling GBP 13.57 million (USD 17.71 million).

Accordingly, total dividend paid in 2018 was USD 34.84 million.

On 20 February 2018, the Company redeemed and cancelled its Redeemable Shares as set out on page 68 in the Governance report. There were no other dividends paid or share buybacks implemented or other significant distributions, payments or other uses of profit or cashflow in the 2018 financial year which the Directors consider relevant in assisting an understanding of the relative importance of spend on pay. Total staff costs – disclosed in Note 9 to the Financial statements – were USD 16 million for the same period.

	Distributions to shareholders (USD'000)	Total employee pay (USD'000)
FY18	34,840	16,000

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Payments to past Directors (audited)

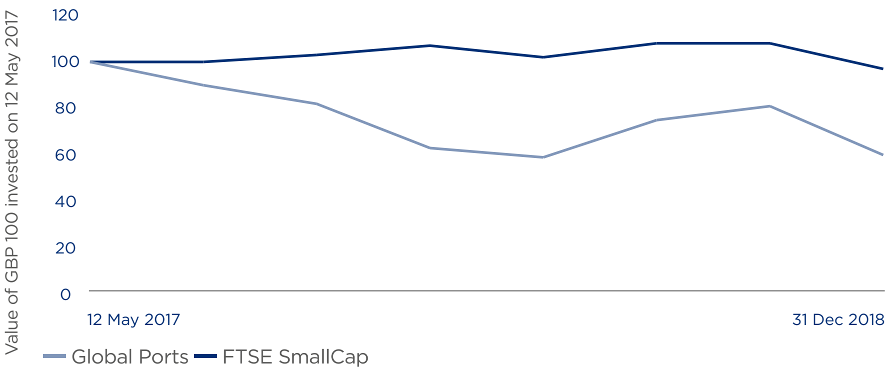
No payments were made to past Directors in the year.

TSR performance

Although the Committee does not consider that there is an ideal TSR comparator for the Company, the FTSE Small Cap index is considered to be the best comparator group. The following chart shows the Company's TSR relative to the FTSE Small Cap index from Listing to 31 December 2018.

Historical TSR performance (GBP)

Growth in the value of a hypothetical GBP 100 holding from Listing to 31 December 2018.



Source: Eikon from Refinitiv

Total Shareholder Return ('TSR') captures the change in the value of a shareholding, assuming that dividends are reinvested on the ex-dividend date – special cash dividends are excluded.

Implementation of the Executive Chairman Remuneration Policy for 2019

The fee per annum payable to the Executive Chairman in 2019 will be as follows:

Role	Fee (USD'000)
Executive Chairman fee	420

In December 2018, the Committee approved in principle a further increase to the Executive Chairman's fee to USD 420,000 per annum (3.5 times the standard USD fee paid to Non-Executive Directors) to become effective at the time of the Group's next port acquisition. The increase took effect as of 1 February 2019 following the award to the Company's of the concession for cruise port operations in Antigua, and will be pro-rated for eleven months.

Implementation of the Non-Executive Director Remuneration Policy for 2019

The fees payable to the Non-Executive Directors in 2019 will be as follows:

Role	Fee ('000)
Non-Executive Director basic fee	USD 90
Additional fee:	USD 30
Senior Independent Director basic fee	GBP 90
Additional fee:	GBP 30

The Committee has not recommended any increase to Non-Executive Directors' fees, which will remain at the above levels for 2019.

Directors' shareholdings (audited)

The Directors did not own any shares in the Company as at 31 December 2018 as set out in the table below. Accordingly, there was no change from 31 December 2017.

	Shares			Options	
Director	Owned outright or vested	Unvested and not subject to performance	Unvested and subject to performance	Vested but not exercised	Unvested and not subject to performance
Mehmet Kutman	nil	–	–	–	–
Ayşegül Bensel	nil	–	–	–	–
Lord Mandelson	nil	–	–	–	–
Thierry Déau	nil	–	–	–	–
Jérôme Bernard Jean Auguste Bayle	nil	–	–	–	–
Thomas Josef Maier	nil	–	–	–	–
Ercan Nuri Ergül	nil	–	–	–	–

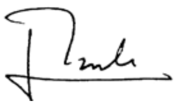
No shares were acquired by the Directors between 31 December 2018 and 2 April 2019, being the latest practicable date prior to publication of this Annual Report. As at the 2018 year-end, the Executive Chairman Mehmet Kutman owned indirectly through GIH approximately 13.87% of the Company.

Implementation of the Senior Management and Executive Director Remuneration Policy for 2019

Members of senior management will be eligible for salary and bonus (STIP) in 2019 in accordance with the Remuneration Policy and may be allocated RSUs under the LTIP from January 2019.

To support the implementation of the LTIP, in 2018 an employee benefit trust structure was established with Sanne Fiduciary Services Limited appointed as trustee, and Global Shares was appointed to administer the LTIP. The Committee also specified the reference share price for the TSR as the previous month's average price at opening and closing and, subject to future review, EPS growth and TSR targets were set.

The Directors' Remuneration Report has been approved by the Board and signed on its behalf by:



Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
4 April 2019

Directors' report

The Directors, being the directors of Global Ports Holding Plc (registered in England and Wales with Company Number 10629250), present their Annual Report and Accounts for the year ended 31 December 2018, including the audited consolidated Financial statements of the Company and Group for the year (the 'Financial statements'). These will be laid before the shareholders at the AGM of the Company, to be held on Thursday, 24 May 2019.

Registered office

Effective from 23 April 2018, the Company's registered office changed to 3rd Floor, 34 Brook Street, London, W1K 5DN, United Kingdom. The Company has occupied an office at that address under a five-year lease since January 2018.

Full details of the Company's offices and its auditor and advisers are given at the end of this report.

Results and dividends

The Group made a profit after tax of USD 7.136 million in 2018, compared to a loss after tax of USD 14.131 million in 2017.

At the 2018 AGM, on the recommendation of the Board, shareholders approved a final dividend of 20.1 pence per ordinary share of the Company for the year ended 31 December 2017. The dividend totalled USD 17.13 million (GBP 12.63 million) and was paid on 11 May 2018 to the holders of ordinary shares on the register of members at the close of business on 20 April 2018.

On 26 October 2018, the Company paid an interim dividend of GBP 21.5 per share, totalling USD 17.71 million (GBP 13.57 million). The Directors have approved a final dividend in GBP equivalent to USD 17.5 million and will recommend that it be declared by shareholders at the 2019 AGM.

The timing and amount of any future dividend payments will depend on the Group's existing and future financial condition, results of operations, capital requirements, liquidity needs and other matters that it may consider relevant from time to time. These may include, without limitation, the ability of subsidiaries to distribute dividends, the Group's capital needs, financial performance and prevailing equity market conditions.

Subsequent events that have occurred after the balance sheet date as at 31 December 2018 are included in Note 44 to the Financial statements.

Going concern

The Directors are required to consider the liquidity position of the Group for a period of not less than twelve months from the date of signing the 31 December 2018 consolidated Financial statements.

At that date, the Group had cash and cash equivalents of USD 79.8 million and net current assets of USD 107.28 million. The Directors have prepared detailed monthly cash flow forecasts for a period of not less than twelve months from the date of signing the 31 December 2018 Annual Report and Accounts, which show sufficient liquidity and compliance with relevant debt covenants. These cash flows take into account a number of risks and uncertainties regarding future trading. As outlined in Note 24 to the Financial statements, the Group's maturity profile on its debt means that the largest secured loans mature no earlier than 2020, with the Eurobonds maturing in 2021.

The directors have also considered the potential implications of Brexit for the Company and the Group. Although there continues to be considerable uncertainty, the directors do not expect any particular outcome to have a materially adverse impact on the operations of the Company or the Group.

Taking all of the above into consideration, the directors have, at the time of approving the Financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated Financial statements.

Strategic report and Management report

Details of the Group's strategy and business model during the year, and the information that fulfils the requirements of the Strategic report, can be found on pages 2 to 57 of this document, which is deemed to form part of this Directors' report by reference.

The Directors' report, together with the Strategic report referred to above, form the Management report for the purposes of DTR 4.1.5 R.

Change of control

The Company is not party to any significant agreements that take effect, alter or terminate in the event of a change of control of the Company. In addition, there are no agreements with the Company and its employees or directors for compensation for loss of office or employment that occurs because of a takeover bid.

Any unvested awards under the LTIP will vest immediately on a change of control, as set out on page 85 in the Remuneration report.

Corporate governance

The Company's Corporate governance report ('Governance report') is set out on pages 58 to 88 of this document and is deemed to form part of this Directors' Report by reference.

Directors

The names and biographical details of the current Directors are given in the Board of Directors section on pages 60 to 61 in the Governance report.

None of the Directors has any direct ownership of ordinary shares of the Company ('Ordinary Shares'). The beneficial interest of the Chairman in Ordinary Shares is set out on page 69 in the Governance report and page 88 in the Remuneration Committee Report ('Remuneration Report').

The Chairman and the current Directors are not eligible to join the Company's incentive or share schemes or to participate in any of the Company's other benefit arrangements. Accordingly, there are no outstanding awards over Ordinary Shares in favour of the Directors (or any members of their families).

None of the Directors has a material interest in any contract with the Company or any of its subsidiary undertakings.

Share capital

The issued share capital of the Company is shown in Note 22 to the Financial statements. As at 1 April 2019, there are 62,826,963 ordinary shares of one pence (GBP 0.01) each which have been issued, are fully paid up and are quoted on the London Stock Exchange. The rights attaching to the Ordinary Shares are set out in the Articles. There are no special control rights in relation to the Company's shares and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Further details of the Company's share capital are set out on page 68 in the Governance report.

Major interests in share capital

Notifications of shareholdings of 3% and over received by the Company are set out on page 69 in the Governance report.

Political donations

No political donations were made and no political expenditure was incurred during the year.

Employee involvement and consultation

The Company places considerable value on the involvement of Group employees in the business; it regards regular communication and consultation as essential for motivating people and developing a culture of learning and initiative within the organisation. The Company endeavours to inform and obtain feedback from employees on a continuing basis, through formal and informal meetings and other internal communication channels. This dialogue relates to matters that directly affect them as employees, as well as considerations concerning the performance of the Company more widely.

Incentive plans

In accordance with remuneration principles approved at the AGM, the Company began implementing short- and long-term incentive plans during 2018 for Group employees and senior management, in order to more closely align employee targets and company strategy in the short- and long-term, thereby increasing shareholder value.

Discrimination and disability

The Board and executive management strive to ensure that employees are protected from discrimination within the Group. All decisions regarding employment processes, including recruitment, promotions, transfers, training, dismissal and working conditions, are based on consistent selection criteria. Employees or staff authorised to make such decisions are expected to act without prejudice or bias regarding employee disabilities. The Board regards it as essential that evaluating and assessing employees on their knowledge and skills is made on the basis of objective, rather than subjective, criteria. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the Group continues in a capacity that accommodates their needs.

Modern Slavery and Human Trafficking statement

The Directors, on behalf of the Group as a whole, recognise and condemn slavery, servitude, forced labour and human trafficking (modern slavery) as abhorrent infringements of human rights. On 20 February 2018, the Board adopted a Modern Slavery and Human Trafficking statement that set out the Company's commitment to preventing modern slavery in the Group's business and supply chains, and the steps taken toward that end. The statement can be found on our website at www.globalportsholding.com under Investors – Corporate Governance.

Data protection

On 9 November 2018, the Board adopted a comprehensive Data Protection Policy. This entrenches the Group's commitment to local, international and cross-border compliance with data protection laws and regulations, including, but not limited to, the General Data Protection Regulation 2016/679 and the Turkish Personal Data Protection Law no. 6698.

Environmental responsibility

Global Ports Holding strives to do business responsibly and aims to integrate environmental sustainability to the core of its business strategy. The Company is aware of the environmental risks inherent within the business and committed to manage and reduce environmental footprint caused by its activities.

The Company's environmental impacts relate mainly to natural resource, water and energy consumption, emissions, dredging and impacts on marine ecosystems due to noise and vibration, while environmental risks include air and water pollution, risks arising from the handling of hazardous waste and effluents, and natural disasters. The Company responds to these impacts and risks in a systematic and proactive manner in line with its environmental management systems.

To foster environmental sustainability, the Company manages environmental matters in line with laws and regulations where the Company operates, international environmental standards and the Company's Environmental Policy.

Five of the Company's ports have been accredited with the ISO 14001 standard, and three ports have GreenPort certification. A further port is in the process of seeking ISO 14001 certification and three EcoPorts certification processes have been initiated. In 2019, the Company intends to set new targets on acquiring new environmental management systems, Green Port and EcoPorts certificates.

Greenhouse gas emissions

The Company is aware of the risks that climate change poses to its operations and regards contributing to global efforts to tackle climate change as being among its primary environmental responsibilities. To reduce its impact on climate change, the Company tracks its energy consumption and GHG gas emissions, invests in energy efficiency and renewable energy sources, deploys low- or zero- emission vehicles and raises awareness among its employees and other stakeholders.

The Company is required to disclose GHG emissions pursuant to the Companies Act 2006 (Strategic report and Director's Report) Regulations 2013. The calculations on GHG emissions data, which cover the Scope 1 and 2 GHG emissions, have been conducted by an independent consultant in accordance with the GHG Protocol control approach using IPCC 2006 emission factors, AR5 GWP values, the International Energy Agency and the World Resources Institute emission factors and local fuel data (net calorific value and density), where possible. As stated in the table below, during the GHG reporting period (1 January – 31 December 2018), the Group's Scope 1 and 2 emissions (location-based) totalled 8,878.4 tonnes CO_2e.

	in tonnes CO_2e	
	2018	2017
Scope 1	2,971.1	3,187.9
Scope 2 Location-based	5,907.3	5,791.8
Scope 1 and 2 total (Location-based)	8,878.4	8,979.7
Carbon intensity		
per full-time equivalent employee	15.16	14.97
per sq. m facility area	0.0099	0.0096

1. Market specific EF data, in compliance with the GHG Scope 2 Guideline is not available. Market-based emissions are reported as the same as location-based emissions.
2. Organisational boundary has been set according to the operational boundary approach. All of the Company's ports, except for Lisbon (in respect of which 50% of emissions are covered), Singapore and Venice, are fully covered. Less than 50% of Lisbon Cruise Port's ownership is held by GPH. Less than 25% of each of the Singapore and Venice ports are owned by GPH and their GHG emissions are not covered. Although GPH owns less than 50% of Málaga Cruise Port, it holds more than 50% of voting power, and Málaga Cruise Port's GHG emissions are fully covered.
3. In cases where 2017 data is missing, 2018 data is used as a proxy.
4. 2017 GHG emissions have been recalculated in light of more accurate data presented, and differ from the data presented in the Company's 2017 Annual Report.

Financial instruments

The financial risk management objectives and policies of the Company are detailed in Note 32 to the Financial statements and in the Risk Management Framework on pages 24 to 29 of this document.

Acquisition of own shares

On 20 February 2018, the Company redeemed and cancelled its Redeemable Shares as set out on page 68 in the Governance report. There were no other acquisitions by the Company of its own shares during 2018.

Appointment and replacement of directors

The Articles provide that Directors can be appointed by the Company by ordinary resolution or by the Board. The Nomination Committee makes recommendations to the Board on the appointment and replacement of Directors. Further details of the rules governing the appointment and replacement of Directors are set out on page 65 in the Governance report, page 84 in the Nomination Committee Report and in the Articles.

Directors' indemnity and insurance

Details of the Directors' indemnity and insurance from the Company are set out on page 66 in the Governance report.

Powers of the Directors

Subject to the Articles, UK legislation and any directions given by special resolution, the business and affairs of the Company are managed by the Board which may exercise all the powers of the Company whether relating to the management of the business or not. The Directors currently have powers both in relation to the issuing and buying back of the Company's shares and will seek renewal of these powers at the forthcoming AGM.

Articles of association

Unless expressly specified to the contrary therein, the Articles may be amended by a special resolution of the Company's shareholders.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions s.418 of the Companies Act 2006.

KPMG LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

AGM for 2019

The 2019 AGM of the Company will be held at The Westbury Hotel, 37 Conduit Street, London W1S 2YF, United Kingdom on Friday, 24 May 2019. The resolutions to be proposed at the AGM are set out and fully explained in the circular containing the Notice of AGM which is posted together with this Annual Report and Accounts on our website at www.globalportsholding.com under Investors — Corporate Governance. These will be made available to shareholders electronically or, if they have expressed a preference otherwise, sent to them in hard copy.

Recommendation

The Board considers that all of the resolutions to be considered at the 2019 AGM are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all of the proposed resolutions, as the Directors intend to do in relation to their own beneficial shareholdings.

By order of the Board

Ercan Nuri Ergül
Director
4 April 2019

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU') and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:
select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Ayşegül Bensel
Vice Chairperson
4 April 2019

Independent auditor's report
to the members of Global Ports Holding PLC

1 Our opinion is unmodified

We have audited the financial statements of Global Port Holdings plc ('the Company') for the year ended 31 December 2018 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement and the related notes, including the accounting policies in note 3, and the Parent Company balance sheet, Parent Company statement of changes in equity and the related notes, including the accounting policies in note 34.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 29 June 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: group financial statements as a whole	USD 1.2 million 1.0% of group revenue
Coverage	99% of group revenue
Key audit matters	
Replacement provision for Creuers	
Recoverability of goodwill and port operation rights	
Recoverability of parent's investment in subsidiaries	

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Replacement provision for Creuers (BPI) USD 6.1 million; 2017: USD 17.9 million *Refer to page 70 (Audit and Risk Committee Report – Financial reporting and judgments for 2018), page 115 (Critical judgements in applying the Group's accounting policies – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources), page 125 (Significant accounting policies – Provisions, contingent assets and liabilities) and page 157 (Note 27 to the consolidated financial statements – Provisions).*	**Subjective valuation:** Under the terms of the concession agreement between Creuers and the Barcelona and Málaga Port Authorities, the Group has an obligation to maintain port infrastructure and assets and to return the assets in an acceptable condition at the end of the concession agreement in 2030. A provision is recognised in relation to these obligations. There is judgment involved in determining the condition assets will need to be in for the port authority to accept their return. These judgments will then determine the likely cost of maintaining or replacing the assets.	**Our procedures included:** • **Assessing expert credentials:** The Group have engaged an engineering and equipment expert in Spain to assist with estimating the expenditure required to fulfil the concession terms and the timing of the required replacement. We considered the competence, capability and objectivity of the Group's expert, including inspecting their report, assessing their credentials and the terms of their engagement. • **Test of detail:** Tested underlying data provided to the Group expert and the external data used by the expert to form their conclusion. We agreed a sample of the port infrastructure and assets included in the valuation to supporting documentation, typically a supplier quote, published price list or the historic cost adjusted for inflation; and • **Assessing transparency:** Assessing whether the group's disclosures about the sensitivity of the outcome of the provision to changes in key assumptions reflect the risks inherent in valuing the provision. **Our results:** • We found the level of the provision to be acceptable.

2 Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of goodwill and port operation rights Goodwill: USD 13.5 million; Port operating rights: USD 14.5 million 2017: Goodwill: USD 14.1 million, Port operation rights: USD 14.1 million *Refer to page 70 (Audit and Risk Committee Report – Financial reporting and judgments for 2018), page 115 (Critical judgements in applying the Group's accounting policies – Impairment reviews of Ege Port and Bodrum Cruise Port), pages 122 and 123 (Significant accounting policies – Intangible assets, Goodwill) and pages 137 to 139 (Notes 13 and 14 to the consolidated financial statements – Intangible assets, Goodwill).*	**Forecast-based valuation:** Goodwill and port operating rights in the Group are significant and at risk of irrecoverability due to the general condition of the Turkish economy and continuing weak customer demand at Ege and Bodrum ports. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill and port operating rights has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (notes 13 and 14) disclose the sensitivity estimated by the Group.	**Our procedures included:** • **Our sector experience:** Evaluating the assumptions used, in particular those relating to forecast growth in the number of calls and passenger numbers for the Turkish ports and the discount rates used. For assumptions relating to discount rates, we have used our own valuation specialist to challenge the assumptions and assess the reasonableness; • **Benchmarking assumptions:** Comparing the group's assumptions to externally derived data in relation to key inputs such as projected call and passenger numbers and discount rates; • **Sensitivity analysis:** Performing sensitivity analysis on the assumptions noted above based on reasonably possible changes to the key assumptions; • **Comparing valuations:** Comparing the sum of the discounted cash flows to the Group's market capitalisation to assess the reasonableness of those cashflows; and • Assessing transparency: Assessing whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill and port operation rights. **Our results:** • We found the group's assessment of the recoverable amount of goodwill and port operation rights to be acceptable.

	The risk	Our response
Recoverability of parent's investment in subsidiaries Parent company investment USD 354.8 million; 2017: USD 354.8 million *Refer to page 70 (Audit and Risk Committee Report – Financial reporting and judgments for 2018), page 181 (Accounting policies – Investments), page 183 (Key sources of estimation uncertainty – Impairment of investments in subsidiaries) and page 183 (Note 38 to the parent company financial statements – Investments).*	**Forecast-based valuation:** The carrying amount of the parent companies investment in subsidiaries is significant and at risk of irrecoverability due to the general condition of the Turkish economy. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the value in use of parent's investment in subsidiaries had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.	**Our procedures included:** **Our sector experience:** Evaluating the assumptions used, in particular those relating to forecast growth in the number of calls and passenger numbers for certain ports and the discount rates used. For assumptions relating to discount rates, we have used our own valuation specialist to challenge the assumptions and assess the reasonableness; **Benchmarking assumptions:** Comparing the group's assumptions to externally derived data in relation to key inputs such as projected call and passenger numbers and discount rates; **Sensitivity analysis:** Performing sensitivity analysis on the assumptions noted above based on reasonably possible changes to the key assumptions; **Comparing valuations:** Comparing the sum of the discounted cash flows to the Group's market capitalisation to assess the reasonableness of those cashflows; and **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries. **Our results:** • We found the group's assessment of the recoverable amount of the parent company's investment in subsidiaries to be acceptable.

3 Our application of Group materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at USD 1.2 million, determined with reference to a benchmark of group revenue, of which it represents 1.0%. We consider group revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

Materiality for the parent company financial statements as a whole was set at USD 1.0 million, determined with reference to a benchmark of company total assets, of which it represents 0.3%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding USD 0.06 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 27 reporting components, we subjected 12 to full scope audits for group purposes.

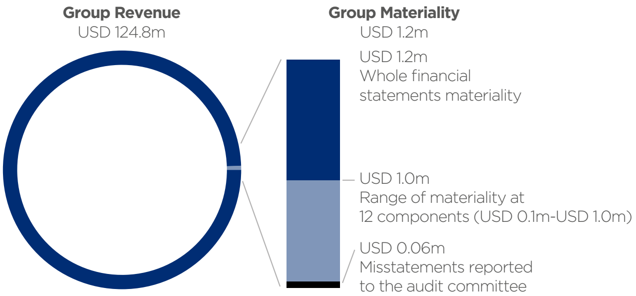
The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from USD 0.1 million to USD 1.0 million, having regard to the mix of size and risk profile of the Group across the components.

The work on 11 of the 12 components was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

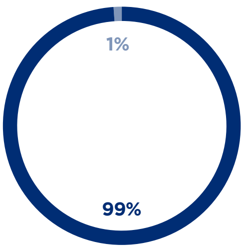
The Group team visited 4 component locations in the UK, Turkey, Spain and Montenegro, to assess the audit risk and strategy. Telephone conference meetings were also held with these component auditors and all others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

Group materiality

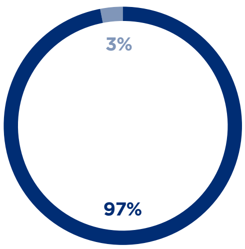


Revenue Group materiality

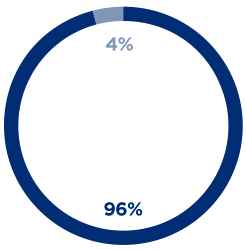
Group revenue



Group profit before tax



Group total assets



Full scope for group audit purposes 2018 Residual components

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- the impact on passenger or cargo volumes of a broad economic downturn;
- the withdrawal of, or failure to renew, the Group's financing facilities; and
- the rights allowing the Group to operate its ports may not be extended, and could be terminated before they expire.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer confidence and demand, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 93, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or the Group's right to operate a port being terminated before those rights were due to expire. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Luke (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL
4 April 2019

Consolidated statement of profit or loss and other comprehensive income

For the years ended 31 December 2018 and 2017

	Note	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Revenue	6	**124,812**	116,366
Cost of sales	7	**(77,523)**	(75,548)
Gross profit		**47,289**	40,818
Other income	10	**19,728**	2,228
Selling and marketing expenses		**(1,293)**	(1,296)
Administrative expenses	8	**(15,993)**	(16,375)
Other expenses	10	**(13,834)**	(14,440)
Operating profit		**35,897**	10,935
Finance income	11	**27,955**	15,778
Finance costs	11	**(60,867)**	(39,793)
Net finance costs		**(32,912)**	(24,015)
Share of profit of equity-accounted investees	15	**5,631**	2,548
Profit/(Loss) before tax		**8,616**	(10,532)
Tax expense	17	**(1,480)**	(3,599)
Profit/(Loss) for the year		**7,136**	(14,131)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**770**	(15,576)
Non-controlling interests		**6,366**	1,445
		7,136	(14,131)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	26	**(19)**	(23)
Income tax relating to items that will not be reclassified subsequently to profit or loss	17, 26	**4**	5
		(15)	(18)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**42,107**	41,699
Cash flow hedges – effective portion of changes in fair value		**155**	(55)
Cash flow hedges – realised amounts transferred to income statement		**(216)**	389
Losses on a hedge of a net investment		**(59,630)**	(13,389)
		(17,584)	28,644
Other comprehensive income/(loss) for the year, net of income tax		**(17,599)**	28,626
Total comprehensive income/(loss) for the year		**(10,463)**	14,495
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(12,315)**	2,231
Non-controlling interests		**1,852**	12,264
		(10,463)	14,495
Basic and diluted earnings/(loss) per share (cents per share)	28	**1.23**	(26.01)

The accompanying notes form part of these financial statements

Consolidated statement of financial position
As at 31 December 2018 and 2017

	Note	As at 31 December 2018 (USD '000)	Restated* As at 31 December 2017 (USD '000)
Non-current assets			
Property and equipment	12	**129,351**	134,664
Intangible assets	13	**392,361**	433,075
Goodwill	14	**13,485**	14,088
Equity-accounted investments	15	**26,003**	22,004
Other investments	16	**12,013**	6
Deferred tax assets	17	**3,066**	1,695
Other non-current assets	19	**4,626**	5,022
		580,905	610,554
Current assets			
Trade and other receivables	18	**19,999**	15,702
Due from related parties	31	**1,027**	1,599
Other investments	16	**72**	14,728
Other current assets	19	**3,336**	4,947*
Inventories	20	**1,454**	1,714*
Prepaid taxes		**1,363**	2,932
Cash and cash equivalents	21	**79,829**	99,448
		107,080	141,070
Total assets		**687,985**	751,624
Current liabilities			
Loans and borrowings	24	**48,755**	44,878
Trade and other payables	25	**15,279**	15,862
Due to related parties	31	**542**	483
Current tax liabilities	17	**2,459**	2,217
Provisions	27	**955**	1,202
		67,990	64,642
Non-current liabilities			
Loans and borrowings	24	**298,296**	296,842
Other financial liabilities	32	**3,408**	2,662
Derivative financial liabilities	32	**617**	852
Deferred tax liabilities	17	**92,294**	99,879
Provisions	27	**8,862**	21,081
Employee benefits	26	**797**	936
		404,274	422,252
Total liabilities		**472,264**	486,894
Net assets		**215,721**	264,730
Equity			
Share capital	22	**811**	811
Share premium account	22	**–**	–
Legal reserves	22	**13,030**	13,012
Hedging reserves		**(195,393)**	(135,763)
Translation reserves		**197,247**	150,626
Retained earnings		**108,981**	143,148
Equity attributable to equity holders of the Company		**124,676**	171,834
Non-controlling interests	23	**91,045**	92,896
Total equity		**215,721**	264,730

*Please refer to Note 19 and Note 20.

These financial statements were approved by the Board of Directors on 4 April 2019 and were signed on its behalf by:

Ercan Nuri Ergül
Board Member
Company registered number: 10629250

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity
For the year ended 31 December 2018 and 2017

	Note	Share capital (USD '000)	Share premium (USD '000)	Legal reserves (USD '000)	Hedging reserves (USD '000)	Translation reserves (USD '000)	Retained earnings (USD '000)	Total (USD '000)	Non-controlling interests (USD '000)	Total equity (USD '000)
Balance at 1 January 2018	22	**811**	**–**	**13,012**	**(135,763)**	**150,626**	**143,148**	**171,834**	**92,896**	**264,730**
(Loss)/income for the year		–	–	–	–	–	770	770	6,366	7,136
Other comprehensive (loss)/income for the year		–	–	–	(59,630)	46,621	(76)	(13,085)	(4,514)	(17,599)
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**(59,630)**	**46,621**	**694**	**(12,315)**	**1,852**	**(10,463)**
Transactions with owners of the Company										
Transactions with non-controlling interest		–	–	–	–	–	–	–	94	94
Transfer to legal reserves		–	–	18	–	–	(18)	–	–	–
Dividends	22 (c)	–	–	–	–	–	(34,843)	(34,843)	(3,797)	(38,640)
Total contributions and distributions		–	–	18	–	–	(34,861)	(34,843)	(3,703)	(38,546)
Total transactions with owners of the Company		–	–	18	(59,630)	46,621	(34,167)	(47,158)	(1,851)	(49,009)
Balance at 31 December 2018		**811**	**–**	**13,030**	**(195,393)**	**197,247**	**108,981**	**124,676**	**91,045**	**215,721**

The accompanying notes form part of these financial statements

	Note	Share capital (USD '000)	Share premium (USD '000)	Legal reserves (USD '000)	Hedging reserves (USD '000)	Translation reserves (USD '000)	Merger Reserves (USD '000)	Retained earnings (USD '000)	Total (USD '000)	Non-controlling interests (USD '000)	Total equity (USD '000)
Balance at 1 January 2017 (Restated*)		354,805		12,424	(122,708)	119,764	(266,430)	43,622	141,477	80,588	222,065
Impact of finalisation of acquisition accounting **		–	–	–	–	(18)	–	131	113	1,107	1,220
Restated balance at 1 January 2017		354,805	–	12,424	(122,708)	119,746	(266,430)	43,753	141,590	81,695	223,285
(Loss)/income for the year		–	–	–	–	–	–	(15,576)	(15,576)	1,445	(14,131)
Other comprehensive (loss)/income for the year		–	–	–	(13,055)	30,880	–	(18)	17,807	10,819	28,626
Total comprehensive (loss)/income for the year		–	–	–	(13,055)	30,880	–	(15,594)	2,231	12,264	14,495
Transactions with owners of the Company											
Issuance of shares on IPO	22 (a)	50,492	22,543	–	–	–	–	–	73,035	–	73,035
Share capital reduction	22 (a)	(404,486)	(22,543)	–	–	–	–	427,029	–	–	–
Transfer to retained earnings	22 (a)	–	–	–	–	–	266,430	(266,430)	–	–	–
Transfer to legal reserves		–	–	588	–	–	–	(588)	–	–	–
Dividends	22 (c)	–	–	–	–	–	–	(45,022)	(45,022)	(1,063)	(46,085)
Total contributions and distributions		(353,994)	–	588	–	–	266,430	114,989	28,013	(1,063)	26,950
Total transactions with owners of the Company		(353,994)	–	588	(13,055)	30,880	266,430	99,395	30,244	11,201	41,445
Balance at 31 December 2017		811	–	13,012	(135,763)	150,626	–	143,148	171,834	92,896	264,730

* Please refer to Note 22.
** Please refer to Note 3 (e).

The accompanying notes form part of these financial statements

Consolidated cash flow statement

For the years ended 31 December 2018 and 2017

	Note	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Cash flows from operating activities			
Profit/(Loss) for the year		**7,136**	(14,131)
Adjustments for:			
Depreciation and amortisation expense	12, 13	**44,668**	42,779
Share of profit of equity-accounted investees, net of tax	15	**(5,631)**	(2,548)
Gain on disposal of property plant and equipment		**(142)**	(148)
Finance costs (excluding foreign exchange differences)		**26,623**	26,910
Finance income (excluding foreign exchange differences)		**(1,684)**	(2,752)
Foreign exchange differences on finance costs and income, net		**7,973**	(143)
Income tax (benefit)/expense	17	**1,480**	3,599
Employment termination indemnity reserve	26	**39**	253
Reversal of/(Charges to) Provision	27	**(12,000)**	3,103
Operating cash flow before changes in operating assets and liabilities		**68,462**	56,922
Changes in:			
– trade and other receivables		**(4,297)**	(3,486)
– other current assets		**3,510**	(689)
– related party receivables		**572**	(5)
– other non-current assets		**412**	1,785
– trade and other payables		**(71)**	1,120
– related party payables		**59**	(131)
– Employee benefits paid	26	**(131)**	(127)
– provisions		**(64)**	(1,237)
Cash generated by operations before benefit and tax payments		**68,452**	54,152
Income taxes paid	17	**(7,345)**	(8,127)
Net cash generated from operating activities		**61,107**	46,025
Investing activities			
Acquisition of property and equipment	12	**(11,896)**	(13,279)
Acquisition of intangible assets	13	**(2,911)**	(596)
Proceeds from sale of property and equipment		**234**	360
Bond and short-term investment income		**(30)**	1,381
Bank interest received		**348**	971
Dividends from equity accounted investees		**541**	–
Other Investment in FVTPL instruments		**(11,977)**	–
Proceeds from sale of investments		**13,944**	–
Advances given for tangible assets		**(85)**	(319)
Net cash (used in)/from investing activities		**(11,832)**	(11,482)
Financing activities			
Increase in share capital	7	**–**	73,035
Equity injection by minorities to subsidiaries		**94**	–
Cash inflow from related parties		**–**	28,856
Cash outflow to related parties		**–**	(52)
Dividends paid to equity owners	22 (c)	**(34,843)**	(45,022)
Dividends paid to NCIs	22 (c)	**(3,797)**	(1,063)
Interest paid		**(23,902)**	(25,519)
Proceeds from borrowings		**44,205**	26,534
Repayments of borrowings		**(36,124)**	(35,738)
Net cash (used in)/from financing activities		**(54,367)**	21,031
Net increase/(decrease in cash and cash equivalents		**(5,092)**	55,574
Effect of foreign exchange rate changes on cash and cash equivalents		**(14,527)**	(435)
Cash and cash equivalents at beginning of year	21	**99,448**	44,309
Cash and cash equivalents at end of year	21	**79,829**	99,448

The accompanying notes form part of these financial statements

Notes to the consolidated financial statements

1 General information

Global Ports Holding PLC is a public company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is 34 Brook Street 3rd Floor, London W1K 5DN, United Kingdom. Global Ports Holding PLC is the parent company of Global Liman Isletmeleri A.S. and its subsidiaries (the 'Existing Group'). The majority shareholder of the Company is Global Yatırım Holding.

These consolidated financial statements of Global Ports Holding PLC (the 'Company', and together with its subsidiaries, the 'Group') for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 4 April 2019.

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

As at 31 December 2018, the number of employees of the Group was 646 (31 December 2017: 635).

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

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

Ege Liman

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

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

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

1 General information continued

Ortadoğu Liman

Antalya Port, constructed in 1977, is a multi-functional facility harbouring a cruise port, a marina and a commercial port and was operated by the TDI until its privatisation in 1998. Operational rights for Antalya Port were taken over for a period of 30 years by Ortadoğu Liman in August 1998. In 2001, due to the difficulties in the other commercial activities of the former shareholders of Ortadoğu Liman, Savings Deposit Insurance Fund ('SDIF') confiscated the 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 60% of the shares of Ortadoğu Liman from other shareholders and obtained control by raising the ownership to 99.80%.

Bodrum Liman

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

Global Liman acquired 60% of the shares of Bodrum Liman on 16 June 2008. As of 27 December 2018, the BOT agreement period was extended 49 years to the end of 2067. As at 31 December 2018 shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ('Setur'), respectively.

Port of Adria

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

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

BPI, Creuers and Cruceros

Barcelona Port Investments, S.L ('BPI') was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ('RCCL') on 26 July 2013, where the Group held a 49% interest in BPI which was accounted for using the equity method. BPI then acquired a 43% interest in Creuers on 30 December 2013. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as 80% in the port operation rights for the Málaga cruise port ('Cruceros Málaga') and a 40% interest in the port operation rights for the Singapore cruise port.

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

Subsequently on 30 September 2014, the Group increased its interest in BPI from 49% to 62% by acquiring a 13% interest from RCCL. As a result, the Group became the controlling shareholder of Creuers. The port operation rights of Creuers and Cruceros terminate in 2030 and 2038, respectively.

Global BV, GP Melita and VCP

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

Port Operation Holding, RCI Cyprus, Ravenna, Catania and Cagliari
POH was established in Italy for investments made in Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares, a significant portion being through Holding Company of RCI Cyprus. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers. The port operation rights of Ravenna, Cagliari and Catania terminate in 2020, 2025 and 2026, respectively.

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

2 Adoption of new and revised standards

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

In the year ended 31 December 2018, the Group applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The effect of initially applying these standards is mainly attributed to the following:

IFRS 15 – Revenue from contracts with customers: IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time can require judgement. Given the nature of the business, the Group does not have significant long-term contractual agreements in place with its customers as the majority of the Group's revenues are derived from a short-term set of activities performed whilst a ship is docked in one of its Cruise or Commercial ports. These fees are usually agreed at the time based on the applicable port tariff and are charged based on the actual services performed. Revenue is then recognised when the invoice is issued as the ship departs the port, after all services have been provided. The only potentially longer services performed by the Group are the land services in relation to storing of cargo and project cargo operations, and rental income, where performance obligations might be performed over a period greater than a few weeks.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Adoption of the new standard has not had a material effect on the Group's revenue recognition. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial Instruments: Recognition and Measurement*.

Impairment losses on financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

2 Adoption of new and revised standards continued

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

Additionally, the Group has adopted consequential amendments to *IFRS 7 Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings and NCI (for a description of the transition method, see (d).

In thousands of USD	Note	Impact of adopting IFRS 9 on opening balance
Cost of hedging reserve		
Cumulative change in forward points	(c)	–
Related tax		–
Restated at 31 December 2017		–
Fair value reserve		
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	(b)	–
Related tax		–
Impact at 1 January 2018		–
Retained earnings		
Cost of hedging adjustment, net of tax (restated – see above)	(c)	–
Recognition of expected credit losses under IFRS 9	(b)	–
Related tax		–
Impact at 1 January 2018		–
Non-controlling interests		
Recognition of expected credit losses under IFRS 9	(b)	–
Related tax		–
Impact at 1 January 2018		–

(a) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments, see (c)).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

In thousands of USD	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount under IAS 39	New carrying amount under IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost	15,702	15,702
Other short-term investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss	14,728	14,728
Long-term investments	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	–	–
Cash and cash equivalents	Held to maturity	Amortised cost	99,448	99,448
Total financial assets			129,878	129,878
Interest rate swaps used for hedging	Fair value – hedging instrument	Fair value – hedging instrument	852	852
Secured bank loans	Other financial liabilities	Other financial liabilities	81,033	81,033
Unsecured bank loans	Other financial liabilities	Other financial liabilities	7,849	7,849
Unsecured bond issues	Other financial liabilities	Other financial liabilities	249,444	249,444
Finance lease liabilities	Other financial liabilities	Other financial liabilities	3,394	3,394
Due to related parties	Other financial liabilities	Other financial liabilities	483	483
Trade payables	Other financial liabilities	Other financial liabilities	15,862	15,862
Total financial liabilities			358,917	358,917

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

In thousands of USD	IAS 39 Carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial Assets				
Amortised cost				
Cash and cash equivalents:				
Brought forward: Loans and receivables	99,448			
Remeasurement		–	–	
Carried forward: Amortised cost				99,448
Trade and other receivables:				
Brought forward: Loans and receivables	15,702			
Remeasurement		–	–	
Carried forward: Amortised cost				15,702
Total amortised cost	115,150	–	–	115,150
Financial Assets				
Fair value through profit or loss				
Other current investments:				
Brought forward: Loans and receivables	14,728			
Remeasurement		–	–	
Carried forward: fair value through profit or loss				14,728
Total amount fair value through profit or loss	14,728	–	–	14,728

2 Adoption of new and revised standards continued

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

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 32.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in no additional allowance for impairment as follows.

In thousands of USD

Loss allowance at 31 December 2017 under IAS 39	1,997
Additional impairment recognised at 1 January 2018 on:	
– Trade and other receivables as at 31 December 2017	–
– Additional trade receivables recognised on adoption of IFRS 15	–
– Contract assets recognised on adoption of IFRS 15	–
– Debt securities at amortised cost	–
– Debt securities at FVOCI	–
– Cash and cash equivalents	–
Loss allowance at 1 January 2018 under IFRS 9	1,997

Additional information about how the Group measures the allowance for impairment is described in Note 32.

(c) Hedge accounting

In relation to hedge accounting, the Group has immaterial cash flow hedges using interest rate swaps and a net investment hedge which was effective in 2017 and which remained fully effective under IFRS 9. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships, having no impact of transition.

There is no material impact on the Group's basic or diluted EPS for the years ended 31 December 2018 and 2017.

(d) Transition

The information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

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

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

(i) IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Also, concession arrangements in the scope of IFRIC 12 are out of scope of IFRS 16. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a* Lease, SIC-15 Operating Leases – Incentives and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(a) The impact as a lessee

The Group will recognise new assets and liabilities for its rental expenses on concession agreements (see Note 29 (d)). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Concession agreements within the scope of IFRIC 12 are not accounted for under IFRS 16.

Under the IAS 17 operating lease classification, the Group recognised rent expense for the Concessions, for which the agreements is now within the scope of IFRS 16, on a yearly basis over the concession period, and recognised a Port operating right asset and accrual only to the extent that there was a timing difference between concession fee payment and the expense recognised. After the implementation of IFRS 16, the Group will reverse the accrual (Note 27) related to timing differences as explained above and include the payments due under the lease in its lease liability.

The Group's preliminary assessment estimates that it will recognise additional Lease liabilities and Port Operating Right assets of 68 million as of 1 January 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with its Gross debt to EBITDA covenant as in Note 24.

For those arrangement accounted for under the IAS 17 finance lease classification, no significant impact is expected.

(b) The impact as a lessor

No significant impact is expected for the leases in which the Group is a lessor.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

(ii) Other Standards

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

- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Long-term interests in Associates and Joint Ventures* (Amendments to IAS 28)
- IFRS 17 *Insurance Contracts*

3 Significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

USD is the most significant currency to the operations of Global Ports Holding PLC ('the Company'), and therefore USD has been determined as its functional currency in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

3 Significant accounting policies continued

(c) Functional and presentation currency continued

Global Liman and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code, tax legislation and Turkish Uniform Chart of Accounts. The subsidiaries operating in Montenegro, Spain and Malta maintain their books of account and prepare their statutory financial statements in Euro in accordance with their respective local laws.

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

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

Euro is the most significant currency used in Ege Liman and Bodrum Liman's operations, and therefore EUR has been determined as their functional currency in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

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

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

In the application of the Group's accounting policies, the directors are required to make judgements, 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 recognised 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 recognised in the consolidated financial statements:

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

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

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

The carrying value of port concession intangible assets at 31 December 2018 is USD 390,888 thousand (2017: USD 430,960 thousand). Concession arrangements at Creuers, Cruceros, Ravenna and Catania were assessed as being within the scope of IFRIC 12.

Key sources of estimation uncertainty

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

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
The group has recognised total provisions as at 31 December 2018 of USD 9,817 thousand (2017: USD 22,283), of which USD 6,138 thousand (2017 USD 17,918) relates to asset replacement and maintenance provisions recognised in accordance with IFRIC 12 in respect of the replacement provisions for Creuers. The provision level reflects the planned future activity over the term of the port concession term and maybe be subject to change. These estimates are based on three key assumptions: asset replacement cost, ongoing maintenance and repair costs, and estimated asset usage over the concession period. Given the differing types of assets, their size, the range of possible outcomes and the long time period involved, there is a reasonably possible chance that a material adjustment would be required to the carrying value of the provision in the next financial year. These different factors also make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the provision. Further details are provided in Note 27 and Note 10 'Other income'.

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

Impairment testing requires management to judge whether the carrying value of assets of Bodrum Cruise Port and Ege Port can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:
- Operational growth expectations including the forecast number of calls, passengers and cargo
- appropriate discount rates to reflect the risks involved

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

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in Note 13 'Intangible assets' and Note 14 'Goodwill' to the consolidated financial statements.

(e) Finalisation of acquisition accounting
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 finalised 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 of USD 2,110 thousand as a result of provisional accounting at the end of 31 December 2016 was eliminated,
- A Port operating right amounting USD 6,561 thousand and deferred tax liability amounting USD 1,317 thousand recognised,
- A provision for fixed concession payments amounting USD 1,980 thousand was created
- A bargain purchase gain amounting USD 131 thousand was recognised,
- Other identifiable assets and liabilities were not changed.

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

(i) Subsidiaries
As at 31 December 2018, the consolidated financial statements includes the financial results of the Company and its controlled subsidiaries.

Control is achieved when the Company:
- has the power over the investee;
- has 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.

3 Significant accounting policies continued

(i) Subsidiaries continued

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

As at 31 December 2018 and 2017, 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 (%)	
	2018	2017	**2018**	2017
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
Málaga Port*	**49.60**	49.60	**80.00**	80.00
Creuers	**62.00**	62.00	**62.00**	62.00
BPI	**62.00**	62.00	**62.00**	62.00
Global Depolama	**100.00**	100.00	**100.00**	100.00
Global BV	**100.00**	100.00	**100.00**	100.00
VCP	**55.60**	55.60	**55.60**	55.60
Ravenna	**53.67**	53.67	**53.67**	53.67
Cagliari	**70.89**	70.89	**70.89**	70.89
Catania	**62.21**	62.21	**62.21**	62.21
ZIPO	**100.00**	–	**100.00**	–

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

(ii) Interests in equity-accounted investees

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

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

On acquisition of the investment in equity-accounted investees, any excess of the cost of the investment over the Group's share of the next fair value of the identifiable assets and liabilities of the investee is recognised 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 2018 and 2017 for the equity-accounted investees:

	Effective ownership rates		Voting power held	
	31 December 2018 (%)	31 December 2017 (%)	**31 December 2018 (%)**	31 December 2017 (%)
Lisbon Cruise Terminals	**46.2**	46.2	**50**	50
Singapore Port	**24.8**	24.8	**40**	40
Venezia Investimenti	**25.0**	25.0	**25**	25
La Spezia	**28.5**	28.5	**30**	30

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

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

(v) Business combinations
The acquisition of subsidiaries and businesses from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Any costs directly attributable to the business combination are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill. Goodwill arising from business combinations is not amortised, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired.

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

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the excess is recognised immediately in profit or loss as a 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 recognised amounts of the acquiree's identifiable net assets.

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

(g) Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Commercial and Cruise business models on pages 14 to 17. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in Financial review on pages 22 to 23. In addition, Notes 3 and 32 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company's portfolio consists of investments in or management of 15 cruise ports and two commercial ports in 9 countries and increasing its number of Ports in different geographical locations to support its operations and diversify economic and political risks. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have considered estimates of cash flows for a period of 12 months from the date of the approval of the financial statements and have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The Group is not expecting any significant impact on its operations from the UK decision to leave the European Union.

3 Significant accounting policies continued

(h) Foreign currency

(i) Foreign currency transactions

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

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

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

As at 31 December 2018 and 2017 foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2018	2017
TL/USD	**0.1901**	0.2651
Euro/USD	**1.1458**	1.1971

For the years ended 31 December 2018 and 2017, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2018	2017
TL/USD	**0.2078**	0.2741
Euro/USD	**1.1764**	1.1285

(ii) Foreign operations

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

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.

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

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

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

(i) Financial instruments
The Group classifies non-derivative financial assets into the following categories: financial assets 'at amortised cost', 'at fair value through profit or loss' and 'at fair value through other comprehensive income. IFRS 9 eliminates IAS 39 categories of held to maturity, loans and receivables and available for sale. 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 on the date that they are originated.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition
The Group initially recognises its non-derivative financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises 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 recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet 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 realise 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 recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

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

Subsequent to initial recognition Financial assets at amortised cost are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets at amortised cost 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.

Financial assets at Fair value through other comprehensive income
Financial assets at Fair value through other comprehensive income are measured at fair value subsequent to initial recognition. Unrealised gains or losses from the changes in fair value of the available for sale financial assets are accounted for in the consolidated income statement 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 profit or loss when available for sale financial assets are derecognised.

3 Significant accounting policies continued
(i) Financial instruments continued
(iii) Non-derivative financial liabilities – recognition, derecognition and measurement
Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

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

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

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

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

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

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

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

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

Hedges of net investments in a subsidiary whose functional currency is other than TL are accounted for similarly to cash flow accounting hedges. Any gains or losses on the hedging instrument are accounted as follows:
- the effective portion of gain or loss arising from the hedging instrument is recognised in other comprehensive income; and
- the ineffective portion of gain or loss arising from the hedging instrument is recognised in profit or loss.

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

(j) Property and equipment
(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

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

Leasehold improvements are amortised over the periods of the respective leases and remaining life of concession agreements, also on a straight-line basis.

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

	Years
Leasehold improvements	4 – 50
Furniture and fixtures	4 – 20
Machinery and equipment	4 – 30
Motor vehicles	4 – 18

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

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

3 Significant accounting policies continued

(k) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditures

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

(iii) Intangible assets recognised in a business combination

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

(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.

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) Amortisation

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

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

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

(vi) Derecognition

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

(l) Goodwill

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

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

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

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

(m) 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 and 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 recognised 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 balance sheet 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 balance sheet.

(iii) Lease payments

Operating lease payments are recognised 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 recognised as a liability. The aggregate benefit of incentives is recognised 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 recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

(n) Inventories

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

3 Significant accounting policies continued

(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; or
- adverse changes in the payment status of borrowers or issuers.

Financial assets measured at amortised cost

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

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

An impairment loss is calculated as the difference between the 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.

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

Impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

(p) Employee benefits

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

(q) Provisions, contingent assets and liabilities

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

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

(r) Revenue

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

(i) Container revenues

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

(ii) Port service revenues

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

(iii) Cargo revenues

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

(iv) Landing fees

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

(v) Rental income

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

(vi) Income from duty free operations

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

(s) Operating profit

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

3 Significant accounting policies continued

(t) Finance income and finance costs

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

- Finance costs comprise interest expense on borrowings, net foreign currency losses 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 recognised in profit or loss in the period in which they are incurred using the effective interest method.

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

(u) Income tax

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

(iii) Current and deferred tax for the period

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

(v) Inventory
The Group has two types of inventories, Commercial goods for retail operations in Valletta Cruise Port and replacement parts for machinery and equipment in commercial ports. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average principle.

(w) 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 utilised by the Group comprises investment allowances (Note 17).

(x) Correction of errors
During 2018, the Group discovered following three errors in 2017 financial statements. The errors had been corrected by restating each of the affecting financial statement line items for prior periods. The following paragraphs summarise the impacts on the Group financial statements;

In the prior year financial statements, the narrative for line items of 'inventory' and 'other current assets' was inadvertently transposed as USD 4,947 thousand and USD 1,714 thousand on the face of the balance sheet, respectively. The restated presentation reflects the appropriate position.

In the prior year financial statements, 1 January 2017 opening share capital was recorded at USD 33,836 thousand; share premium at USD 54,539 thousand; and a merger reserve of nil. The effects of the group restructuring transactions in early 2017 were reflected as entries in 2017. The Directors now consider that a more appropriate presentation was that the share capital at 1 January 2017 should have been recognised at the reorganised amount of USD 354,805 thousand with an amount of USD 266,430 thousand in the merger reserve and share premium of nil. This is because the transaction was accounted for as a Group reconstruction under merger accounting and the consolidated financial statements were prepared as a continuation of the existing Group.

During 2018, the Group changed the presentation of the required tax reconciliation using the weighted average tax rate of the group as opposed to the prior year Turkish corporate income tax rate as the directors considered this to provide the most relevant analysis.

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

When measuring the fair value of an asset or a liability, the Group uses market and observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities);
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

5 Segment reporting

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

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

(b) Reportable segments

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

The Group has identified two main segments as commercial and cruise businesses. Under each main segment, Group had presented its operations on port basis 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. Spanish Ports are aggregated due to the Group's operational structure. 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 specific adjusting income and expenses comprising project expenses, bargain purchase gains and reserves, board member leaving fees, employee termination payments, unallocated expenses, finance income, finance costs, and including the share of equity-accounted investments which is fully integrated into GPH cruise port network ('Adjusted EBITDA' or 'Segmental EBITDA'). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

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

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

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

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

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

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

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

	BPI (USD '000)	VCP (USD '000)	Ege Liman (USD '000)	Other (USD '000)	Total Cruise (USD '000)	Ortadoğu Liman (USD '000)	Port of Adria (USD '000)	Total Commercial (USD '000)	Total (USD '000)
31 December 2018									
Revenue	**31,577**	**13,017**	**4,650**	**5,670**	**54,914**	**59,887**	**10,011**	**69,898**	**124,812**
Segmental EBITDA	**19,793**	**6,399**	**3,084**	**8,331**	**37,607**	**49,184**	**3,928**	**53,112**	**90,719**
Unallocated expenses									**(7,005)**
Adjusted EBITDA									**83,714**
Reconciliation to profit before tax									
Depreciation and amortisation expenses									**(44,668)**
Specific adjusting items*									**2,482**
Finance income									**27,955**
Finance costs									**(60,867)**
Profit before income tax									**8,616**
31 December 2017									
Revenue	27,376	12,916	4,819	5,165	50,276	58,549	7,541	66,090	116,366
Segmental EBITDA	17,558	6,826	2,954	4,877	32,215	46,436	1,855	48,291	80,506
Unallocated expenses									(5,229)
Adjusted EBITDA									75,277
Reconciliation to profit before tax									
Depreciation and amortisation expenses									(42,779)
Specific adjusting items*									(19,015)
Finance income									15,778
Finance costs									(39,793)
(Loss) before income tax									(10,532)

* Please refer to glossary of alternative performance measures (APM) on pages 188 to 190.

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

(ii) Segment assets and liabilities

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

	BPI (USD '000)	VCP (USD '000)	Ege Liman (USD '000)	Other (USD '000)	Total Cruise (USD '000)	Ortadoğu Liman (USD '000)	Port of Adria (USD '000)	Total Commercial (USD '000)	Total (USD '000)
31 December 2018									
Segment assets	**152,341**	**96,756**	**48,117**	**12,789**	**310,003**	**220,984**	**67,672**	**288,656**	**598,659**
Equity-accounted investees	**–**	**–**	**–**	**26,003**	**26,003**	**–**	**–**	**–**	**26,003**
Unallocated assets									**63,323**
Total assets									**687,985**
Segment liabilities	**66,652**	**35,248**	**13,202**	**7,048**	**122,150**	**56,969**	**29,725**	**86,694**	**208,844**
Unallocated liabilities									**263,420**
Total liabilities									**472,264**
31 December 2017									
Segment assets	164,043	115,673	55,965	13,900	349,581	234,902	70,526	305,428	655,009
Equity-accounted investees	–	–	–	22,004	22,004	–	–	–	22,004
Unallocated assets									74,611
Total assets									751,624
Segment liabilities	98,490	37,471	13,285	5,069	154,315	53,333	8,157	61,490	215,805
Unallocated liabilities									271,089
Total liabilities									486,894

5 Segment reporting continued
(b) Reportable segments continued
(iii) Other segment information

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

	BPI (USD '000)	VCP (USD '000)	Ege Liman (USD '000)	Other (USD '000)	Total Cruise (USD '000)	Ortadoğu Liman (USD '000)	Port of Adria (USD '000)	Total Commercial (USD '000)	Unallocated (USD '000)	Total (USD '000)
31 December 2018										
Depreciation and amortisation expenses	**(11,350)**	**(2,595)**	**(3,027)**	**(3,359)**	**(20,331)**	**(21,342)**	**(2,875)**	**(24,217)**	**(120)**	**(44,668)**
Additions to non-current assets*										
– Capital expenditures	**2,074**	**927**	**259**	**2,361**	**5,621**	**4,761**	**3,443**	**8,204**	**982**	**14,807**
– Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total additions to non-current assets*	**2,074**	**927**	**259**	**2,361**	**5,621**	**4,761**	**3,443**	**8,204**	**982**	**14,807**
31 December 2017										
Depreciation and amortisation expenses	(10,869)	(2,582)	(2,788)	(3,119)	(19,358)	(20,742)	(2,514)	(23,256)	(165)	(42,779)
Additions to non-current assets*										
– Capital expenditures	209	801	3,448	1,447	5,905	2,851	6,581	9,432	467	15,804
– Other	–	–	–	–	–	–	–	–	–	–
Total additions to non-current assets*	209	801	3,448	1,447	5,905	2,851	6,581	9,432	467	15,804

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

(iv) Geographical information

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

Revenue	**Year ended 31 December 2018 (USD '000)**	Year ended 31 December 2017 (USD '000)
Turkey	**66,985**	66,009
Montenegro	**10,042**	7,541
Malta	**13,017**	12,916
Spain	**31,577**	27,376
Italy	**3,191**	2,524
	124,812	116,366

Non-current assets	**As at 31 December 2018 (USD '000)**	As at 31 December 2017 (USD '000)
Turkey	**243,224**	265,791
Spain	**129,695**	144,939
Malta	**94,703**	100,632
Montenegro	**65,202**	67,416
Italy	**6,962**	7,960
UK	**12,048**	117
Unallocated	**29,071**	23,699
	580,905	610,554

Non-current assets relating to deferred tax assets and financial instruments (including equity-accounted investments) are presented as unallocated.

(v) Information about major customers

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

6 Revenue

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

	BPI		VCP		EP		Others		Cruise	
(USD '000)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Point in time										
Container revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Landing fees	**27,356**	22,454	**4,754**	5,524	**1,838**	788	**3,144**	2,910	**37,092**	31,676
Port service revenue	**1,742**	2,564	**1,163**	525	**1,468**	2,061	**746**	513	**5,119**	5,663
Cargo revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Domestic water sales	**695**	585	**–**	–	**86**	129	**34**	55	**815**	769
Income from duty free operations	**–**	–	**4,030**	4,528	**–**	–	**–**	–	**4,030**	4,528
Other revenue	**–**	–	**436**	–	**264**	158	**454**	370	**1,154**	528
Over time										
Rental income	**1,784**	1,773	**2,634**	2,339	**994**	1,683	**713**	1,317	**6,125**	7,112
Habana Management fee	**–**	–	**–**	–	**–**	–	**579**	–	**579**	–
Total	**31,577**	27,376	**13,017**	12,916	**4,650**	4,819	**5,670**	5,165	**54,914**	50,276

	Port Akdeniz		Port of Adria		Commercial		Consolidated	
(USD '000)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Point in time								
Container revenue	**37,158**	38,881	**5,360**	4,679	**42,518**	43,560	**42,518**	43,560
Landing fees		–			**–**	–	**37,092**	31,676
Port service revenue	**12,146**	6,293	**282**	188	**12,428**	6,481	**17,547**	12,144
Cargo revenue	**9,307**	12,301	**3,378**	2,301	**12,685**	14,602	**12,685**	14,602
Domestic water sales	**35**	48	**19**	32	**54**	80	**869**	849
Income from duty free operations	**–**	–	**–**	–	**–**	–	**4,030**	4,528
Other revenue	**589**	324	**33**	15	**622**	339	**1,776**	867
Over time								
Rental income	**653**	702	**938**	326	**1,592**	1,028	**7,716**	8,140
Habana Management fee	**–**	–	**–**	–	**–**	–	**579**	–
Total	**59,888**	58,549	**10,011**	7,541	**69,898**	66,090	**124,812**	116,366

6 Revenue continued

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

Revenue	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Receivables, which are included in 'trade and other receivables'	**12,129**	14,123
Contract assets	**797**	114
Contract liabilities	**(879)**	(1,001)
	12,047	13,236

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

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

The amount of USD 1,001 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2018.

The amount of revenue recognised in the period ended 31 December 2018 from performance obligations satisfied (or partially satisfied) in previous periods is USD 114 thousand. This is mainly due to the nature of operations.

No information is provided about remaining performance obligations at 31 December 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

7 Cost of sales

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

	2018 (USD '000)	2017 (USD '000)
Depreciation and amortisation expenses	**41,655**	39,507
Personnel expenses	**14,228**	14,329
Cost of inventories sold	**2,453**	2,590
Commission fees to government authorities and pilotage expenses	**3,716**	3,204
Security expenses	**2,627**	1,940
Repair and maintenance expenses	**1,923**	1,808
Subcontractor lashing expenses	**1,403**	1,624
Subcontractor crane expenses	**1,305**	1,408
Replacement provision	**677**	2,078
Other expenses	**7,536**	7,060
Total	**77,523**	75,548

8 Administrative expenses

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

	2018 (USD '000)	2017 (USD '000)
Personnel expenses	**5,983**	4,917
Depreciation and amortisation expenses	**3,013**	3,272
Consultancy expenses	**2,191**	3,497
Representation expenses	**826**	1,205
Other expenses	**3,980**	3,484
Total	**15,993**	16,375

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

	2018 (USD '000)	2017 (USD '000)
Fees payable to the company's current auditor KPMG LLP and their associates for the audit of the company's annual accounts	**212**	–
Fees payable to the company's previous auditor Deloitte LLP and their associates for the audit of the company's annual accounts	**–**	398
Fees payable to the company's current auditor KPMG LLP and their associates for the audit of the company's subsidiaries	**194**	–
Fees payable to the company's previous auditor Deloitte LLP and their associates for the audit of the company's subsidiaries	**–**	157
Total audit fees	**406**	555
– Audit-related assurance services KPMG LLP and their associates	**191**	–
– Audit-related assurance services Deloitte LLP and their associates	**–**	259
– Tax compliance services KPMG LLP and their associates	**30**	4
– Corporate finance services Deloitte LLP and their associates	**–**	677
Total non-audit fees	**221**	940
Total fees	**627**	1,495

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

9 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2018	2017
Temporary	**34**	26
Permanent	**612**	609
	646	635

The aggregate payroll costs of these persons were as follows:

	2018 (USD '000)	2017 (USD '000)
Employee benefits	**16,153**	15,462
– Wages and salaries	**12,940**	12,386
– Social security contributions	**1,059**	1,014
– Overtime and Bonuses paid	**459**	352
– Benefits	**1,503**	1,439
– Termination and severance	**192**	184

10 Other income and other expenses

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

	2018 (USD '000)	2017 (USD '000)
Reversal of replacement for Spanish Ports*	**12,210**	383
Foreign currency income from operations	**4,646**	1,152
Income from reversal of withholding tax**	**1,095**	–
Insurance income	**615**	–
Gain on sale of fixed assets	**145**	–
Other	**1,017**	693
Total	**19,728**	2,228

* Reversal of replacement for Spanish Ports are related to an assumption change on provision. See Note 27.
** Income from reversal of withholding tax is related to cancellation of tax for distributed dividends to foreign entities.

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

	2018 (USD '000)	2017 (USD '000)
Project expenses*	**9,594**	11,999
Foreign currency losses from operations	**1,523**	–
Tax amnesty expenses	**920**	–
Recovery from insurance	**496**	–
Impairment losses on inventory	**106**	–
Provisions	**34**	83
Other	**1,161**	2,358
Total	**13,834**	14,440

* The project expenses are mainly related to the projects for new acquisitions and the Group's listing on the LSE which completed on 17 May 2017.

11 Finance income and costs

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

Finance income	2018 (USD '000)	2017 (USD '000)
Other foreign exchange gains	**26,271**	13,026
Interest income on marketable securities*	**–**	1,490
Interest income on related parties	**449**	–
Interest income on banks and others	**470**	973
Interest income from housing loans	**33**	32
Gain on sale of marketable securities	**–**	15
Other income	**732**	242
Total	**27,955**	15,778

* Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year. Global Yatırım Holding is the majority shareholder of the Company.

The income from financial instruments within the category financial assets at amortised cost is USD 952 thousand (31 December 2017: USD 2,495 thousand). Income from financial instruments within the category fair value through profit and loss is nil (31 December 2017: nil).

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

Finance costs	**2018 (USD '000)**	2017 (USD '000)
Interest expense on loans and borrowings	**25,197**	25,598
Foreign exchange losses on loans and borrowings	**19,827**	12,608
Other foreign exchange losses	**14,417**	275
Other interest expenses	**17**	323
Letter of guarantee commission expenses	**158**	190
Loan commission expenses	**103**	79
Unwinding of provisions during the year (Note 27)	**303**	591
Other costs	**845**	129
Total	**60,867**	39,793

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 25,325 thousand (31 December 2017: USD 25,625 thousand).

12 Property and equipment

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

Cost	**1 January 2018 (USD '000)**	**Additions (USD '000)**	**Disposals (USD '000)**	**Transfers (USD '000)**	**Currency translation differences (USD '000)**	**31 December 2018 (USD '000)**
Leasehold improvements	**121,690**	**2,358**	**(62)**	**2,955**	**(4,459)**	**122,482**
Machinery and equipment	**53,227**	**2,925**	**(167)**	**22**	**(848)**	**55,159**
Motor vehicles	**18,593**	**111**	**(327)**	**4**	**(523)**	**17,858**
Furniture and fixtures	**9,266**	**932**	**(1)**	**71**	**(602)**	**9,666**
Construction in progress	**1,596**	**5,570**	**–**	**(2,709)**	**(69)**	**4,388**
Land improvement	**151**	**–**	**–**	**(81)**	**(3)**	**67**
Total	**204,523**	**11,896**	**(557)**	**262**	**(6,504)**	**209,620**

Accumulated depreciation	**1 January 2018 (USD '000)**	**Depreciation expense (USD '000)**	**Disposals (USD '000)**	**Transfers (USD '000)**	**Currency translation differences (USD '000)**	**31 December 2018 (USD '000)**
Leasehold improvements	**28,080**	**5,657**	**–**	**922**	**(1,073)**	**33,586**
Machinery and equipment	**26,241**	**4,208**	**(158)**	**250**	**(215)**	**30,326**
Motor vehicles	**9,141**	**1,485**	**(328)**	**–**	**(257)**	**10,041**
Furniture and fixtures	**5,453**	**1,012**	**(1)**	**(1)**	**(185)**	**6,278**
Land improvement	**944**	**5**	**–**	**(909)**	**(2)**	**38**
Total	**69,859**	**12,367**	**(487)**	**262**	**(1,732)**	**80,269**
Net book value	**134,664**					**129,351**

12 Property and equipment continued

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

Cost	1 January 2017 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2017 (USD '000)
Leasehold improvements	98,310	2,875	(163)	5,062	15,606	121,690
Machinery and equipment	41,212	2,281	(563)	9,468	829	53,227
Motor vehicles	16,849	252	(4)	–	1,496	18,593
Furniture and fixtures	7,387	566	(5)	28	1,290	9,266
Construction in progress	5,753	9,234	–	(14,762)	1,371	1,596
Land improvement	8	1	–	151	(9)	151
Total	169,519	15,209	(735)	(53)	20,583	204,523

Accumulated depreciation	1 January 2017 (USD '000)	Depreciation expense (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2017 (USD '000)
Leasehold improvements	20,720	4,349	–	–	3,011	28,080
Machinery and equipment	22,344	3,839	(525)	–	583	26,241
Motor vehicles	7,178	1,465	–	–	498	9,141
Furniture and fixtures	3,511	1,052	–	–	890	5,453
Land improvement	1	429	–	–	514	944
Total	53,754	11,134	(525)	–	5,496	69,859
Net book value	115,765		(210)	(53)	15,087	134,664

As at 31 December 2018, the net book value of machinery and equipment purchased through leasing amounts to USD 1,689 thousand (31 December 2017: USD 2,064 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 7,991 thousand (31 December 2017: USD 9,428 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 45 thousand (31 December 2017: USD 124 thousand). In 2018, no capital expenditure was made through finance leases (31 December 2017: nil).

As at 31 December 2018 and 2017, according to the 'TOORA' and 'BOT' tender agreements signed with the related Authorities, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 28.

For the years ended 31 December 2018 and 2017, there are no borrowing costs capitalised into property and equipment.

As at 31 December 2018, the insured amount of property and equipment amounts to USD 326,671 thousand (31 December 2017: USD 265,598 thousand).

13 Intangible assets

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

Cost	1 January 2018 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2018 (USD '000)
Port operation rights	**616,411**	**2,068**	**(23)**	**–**	**(13,341)**	**605,115**
Customer relationships	**4,113**	**–**	**–**	**–**	**(176)**	**3,937**
Software	**1,155**	**140**	**(3)**	**–**	**(24)**	**1,268**
Other intangibles	**889**	**703**	**–**	**–**	**(879)**	**713**
Total	**622,568**	**2,911**	**(26)**		**(14,420)**	**611,033**

Accumulated amortisation	1 January 2018 USD '000	Amortisation expense USD '000	Disposals USD '000	Transfers USD '000	Currency translation differences USD '000	31 December 2018 USD '000
Port operation rights	**185,452**	**31,648**	**–**	**–**	**(2,873)**	**214,227**
Customer relationships	**3,173**	**337**	**–**	**–**	**(145)**	**3,365**
Software	**492**	**164**	**(3)**	**–**	**(7)**	**646**
Other intangibles	**376**	**152**	**–**	**–**	**(94)**	**434**
Total	**189,493**	**32,301**	**(3)**		**(3,119)**	**218,672**
Net book value	**433,075**					**392,361**

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

Cost	1 January 2017 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2017 (USD '000)
Port operation rights	579,520	–	–	–	36,891	616,411
Customer relationships	3,622	–	–	–	491	4,113
Software	592	530	(2)	–	35	1,155
Other intangibles	716	66	–	53	54	889
Total	584,450	596	(2)	53	37,471	622,568

Accumulated amortisation	1 January 2017 (USD '000)	Amortisation expense (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2017 (USD '000)
Port operation rights	148,751	31,032	–	–	5,669	185,452
Customer relationships	2,492	323	–	–	358	3,173
Software	348	136	–	–	8	492
Other intangibles	217	154	–	–	5	376
Total	151,808	31,645	–	–	6,040	189,493
Net book value	432,642		(2)	53	31,431	433,075

13 Intangible assets continued

The details of Port operation rights for the years ended 31 December 2018 and 2017 are as follows:

	As at 31 December 2018		As at 31 December 2017	
	Carrying Amount (USD '000)	**Remaining Amortisation Period (USD '000)**	Carrying Amount (USD '000)	Remaining Amortisation Period (USD '000)
Barcelona Ports Investment	**124,951**	**138 months**	141,622	150 months
Valletta Cruise Port	**64,072**	**575 months**	68,339	587 months
Port of Adria	**20,919**	**300 months**	22,731	312 months
Port Akdeniz	**160,798**	**116 months**	177,433	128 months
Ege Ports	**12,079**	**171 months**	13,491	183 months
Bodrum Cruise Port	**2,446**	**591 months**	698	15 months
Port Operation Holding	**5,623**	**94 months**	6,644	106 months

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

The recoverable amount of the CGU relating to the port of Bodrum was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of USD 15.5 million and no impairment loss during 2018 (2017: nil) was recognised.

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 post-tax discount rate of 15.13% was used for discounting future cash flows to the reporting date. The growth in number of passengers was assumed at 50.0% per annum until 2025, followed by 10% per annum until 2032, no growth has forecasted for the remaining life of concession. 49 years of cash flows were included in the discounted cash flow model. The growth is forecasted based on the nature of the business and in particular management plans for rapidly returning the port to historic passenger numbers. Other important assumptions used in the model were average days during cruise season used as 210 days, average cruise itineraries of 7 days during 2016-2018 is used during the forecast period. An average of 8 ship calls are added for every itinerary change for the region.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 16.25%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 10.2 million. Management has identified that a reasonably possible change in the number of passengers or the discount rate could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be equal to the carrying amount if a post-tax discount rate of 27.4% was used or, alternatively, if a growth in number of passengers at 40% per annum until 2023, followed by 2% per annum until 2032 was used, no growth forecasted for the remaining life of concession.

Due to significant central bank interest rates and rates of inflation in Turkey, an indicator of impairment was identified in relation to the Port of Akdeniz. An impairment review was subsequently performed and the difference between the recoverable amount and carrying value of the CGU was found to be significant. Management do not believe that a reasonable change in the assumptions used in the cash flow projections would result in impairment.

14 Goodwill

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

Cost	(USD '000)
At 1 January 2017	**12,405**
Exchange difference	1,683
At 31 December 2017	**14,088**
Exchange differences	(603)
At 31 December 2018	**13,485**

The recoverable amount of this CGU was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of USD 63.8 million and no impairment loss during 2018 (2017: nil) was recognised.

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 post-tax discount rate of 13.37% was used for discounting future cash flows to the reporting date. The growth in number of passengers was assumed at 40% per annum until 2023, followed by 2% per annum until end of concession. 14 years of cash flows were included in the discounted cash flow model. The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 16% at a market interest rate of 6%. The growth is forecasted based on the nature of the business. Average days during cruise season used as 210 days, average cruise itineraries of 7 days during 2016-2018 is used during the forecast period. An average of 8 ship calls are added for every itinerary change for the region.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 15.2%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 23 million (2017: USD 27.7 million). Management has identified that a reasonably possible change in the number of passengers or the discount rate could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be equal to the carrying amount if the cash flow has produced with a post-tax discount rate of 22% per annum was used or alternatively if a growth in number of passengers at 17% per annum until 2025, followed by 2% until 2032.

15 Equity-accounted investments

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	Portugal	Port operations
SATS – Creuers Cruise Services Pte. Ltd. ('Singapore Port')	Singapore	Port operations
Venezia Investimenti S.r.l. ('Venice Investment')	Italy	Port investments
La Spezia Cruise Facility S.r.l. ('La Spezia')	Italy	Port operations

Lisbon Cruise Terminals

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 comprising Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA. The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium on 26 August 2014. The Group has a 46.2% effective interest in Lisbon Cruise Terminals as at 31 December 2018, hence the Group can only appoint a minority of Directors to the Board and therefore does not have control over the Entity. Lisbon Cruise Terminals has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2018 and 2017.

15 Equity-accounted investments continued

Singapore Port

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 Creuers. Global Liman has 62% ownership in BPI. 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 Málaga cruise port and a 40% interest in the port operation rights for the Singapore cruise port. The entity has a fiscal year starting from 1 April and ending on 31 March. The entity's financial results are aligned to the Group's fiscal year to account for under the scope of IAS 28. The effective interest held on Singapore cruise port is 24.8%. Singapore has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2018 and 2017.

Venice Investment

Venezia Investimenti S.r.l. is an international consortium formed for investing in Venezia Terminal Passeggeri S.p.A ('VTP'). The international consortium formed as a joint venture by GPH, Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having a 25% share of the Company.

La Spezia

GPH purchased a minority interest of 28.5% through POH in La Spezia Cruise Facility S.r.l., which has the operating rights of La Spezia Cruise Port, Italy.

For the year ended 31 December 2018

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

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

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

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

	La Spezia (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Cash and cash equivalents	**134**	**2,899**	**1,807**	**8,380**
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	**–**	**(14,843)**	**–**
Current financial liabilities (excluding trade and other payables and provisions)	**–**	**–**	**(874)**	**–**
Interest income	**–**	**–**	**–**	**(40)**
Depreciation and amortisation	**–**	**(2)**	**(1,253)**	**(806)**
Interest expense	**–**	**–**	**(490)**	**–**
Interest tax expense	**–**	**–**	**(437)**	**(2,363)**

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

	Net profit (USD '000)
Venezia Investimenti	**176**
Lisbon Cruise Terminals	**728**
Singapore Port	**4,727**
Group's share of profit and total comprehensive income	**5,631**

For the year ended 31 December 2017

At 31 December 2017, La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2017. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

	La Spezia (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	–	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	3,284
Carrying amount of interest in equity-accounted investees	42	10,004	8,675	3,284
Revenue	–	233	5,881	14,981
Expenses	–	–	(3,946)	(11,175)
Profit and total comprehensive income for the year (100%)	–	233	1,935	3,806
Group's share of profit and total comprehensive income	–	58	968	1,522

15 Equity-accounted investments continued

La Spezia continued

As at 31 December 2017, the amounts in the above table include the following:

	La Spezia (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Cash and cash equivalents	140	1,940	3,481	4,520
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(13,920)	(1,846)
Current financial liabilities (excluding trade and other payables and provisions)	–	(174)	(428)	–
Interest income	–	–	–	–
Depreciation and amortisation	–	–	(214)	(695)
Interest expense	–	–	(72)	(97)
Interest tax expense	–	–	(591)	(780)

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

	Net profit (USD '000)
Venezia Investimenti	58
Lisbon Cruise Terminals	968
Singapore Port	1,522
Group's share of profit and total comprehensive income	2,548

16 Other investments

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

	2018 (USD '000)	2017 (USD '000)
Other Investment in FVTPL instruments	**12,009**	–
Other financial assets	**4**	6
Total	**12,013**	6

The Group's convertible debt instrument investment is issued by Dreamlines GmbH. The loan is repayable in quarterly instalments starting February 2020 until its final maturity in May 2021, unless the loan is converted into Dreamlines' equity. This feature is solely at GPH's discretion and valid until May 2019. Key terms of the instrument include that, other financial indebtedness outstanding and incurrence of any other debt is restricted, and the loan is secured by bank account pledges, receivable assignments and security assignment of key intellectual property.

The Group's convertible debt instrument, issued by Dreamlines, has been included in Level 3 of the fair value hierarchy (see Note 32). On the basis that no alternative or contradictory evidence has been identified, Management concluded that the assumption that continuing to recognise the FVTPL instrument at cost at this point is reasonable.

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

	2018 (USD '000)	2017 (USD '000)
Global Yatırım Holding bonds*	**–**	14,029
Time deposits with the maturity more than 3 months	**72**	223
Other financial assets	**–**	476
Total	**72**	14,728

* The Group purchased Global Yatırım Holding's (the parent company) bonds. The bonds' maturity date is 30 June 2021 with an annual nominal interest rate of 8% and nominal amounts of USD 13,944 thousand were held as at 31 December 2017. These bonds are not quoted in an active market and are classified as financial assets at amortised cost. The Group notified Global Yatrim Holding of its intention to exercise its right to sell back all its bonds to Global Yatırım Holding at par plus accrued interest as of 29 December 2017 and transaction was closed at 6 February 2018.

17 Taxation

Corporate tax

Turkey

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

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

The tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each Turkish company that is included in the consolidation without taking into account any offset.

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

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

Spain

Corporate income tax is levied at the rate of 25% on the statutory corporate income tax base (2017: 25%).

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

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

Other countries

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

Tax expense

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

	2018 (USD '000)	2017 (USD '000)
Current tax charge		
In respect of the current year	**(8,026)**	(8,947)
Benefit arising from unrecognised tax loss used to reduce current tax expense	**–**	–
Total	**(8,026)**	(8,947)
Deferred tax benefit		
In respect of the current year	**6,546**	5,348
Adjustment to deferred tax attributable to change in tax rates	**–**	–
Total	**6,546**	5,348
Total tax (expense)/benefit	**(1,480)**	(3,599)

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

	2018 (USD '000)	2017 (USD '000)
Current tax liability at 1 January	**2,217**	1,814
Current tax charge	**8,026**	8,947
Currency translation difference	**(439)**	(417)
Taxes paid during year	**(7,345)**	(8,127)
Total	**2,459**	2,217

17 Taxation continued

Tax expense continued

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

	2018 (USD '000)	Restated 2017 (USD '000)
Profit/(loss) before income tax	**8,616**	(10,532)
Average income tax rate of 25.56% (2017: 12.82%)	**(2,202)**	1,351
Income from tax exempt maritime operations*	**947**	689
Recognition of previously unrecognised losses	**–**	6
Effect of non-taxable income	**548**	345
Recognition of losses not recognised for deferred tax	**(279)**	(1,854)
Disallowable expenses	**(1,233)**	(4,889)
Impact of change in tax rate	**–**	(108)
Adjustment in the period for current tax of prior periods**	**1,602**	420
Capital allowances used	**(202)**	–
Donations	**(1)**	(7)
Other	**(660)**	448
	(1,480)	(3,599)

* Income generated through the services provided to vessels covered by the Turkish International Ship Registry Law authorised on 16 December 1999 is not subject to income tax and expenses related to these operations as they are considered disallowable expenses.

** The Spanish Corporate Income Tax ('CIT') legislation provides for various mechanisms to correct any double taxation that may arise on company sale and purchase transactions. Specifically, the double taxation referred to arises basically where existing reserves, unrealised gains and the goodwill of the business associated with the ownership interest in acquired companies would have been taxed at the transferors due to the increase in the gain included in their taxable base (as such reserves, unrealised gains and goodwill are taken into account when calculating the sale price of the ownership), having previously been taxed at the company (i.e. existing reserves), or the aforementioned unrealised gains and goodwill having become subject to tax when they are realised and become taxable income.
In 2013 and 2014 Barcelona Port Investments, S.L. ("BPI") acquired ownership interests in Creuers del Port de Barcelona, S.A. which resulted to tax return during acquisition based on above regulation

The Group has presented the required tax reconciliation above as a reconciliation to the weighted average tax rate of the group as opposed to the UK statutory rate as the directors considered this to provide the most relevant analysis. This is because of the insignificant level of taxable activities in the UK.

Deferred tax

The balance comprises temporary differences attributable to:

	2018		2017	
	Deferred tax assets (USD '000)	**Deferred tax liabilities (USD '000)**	Deferred tax assets (USD '000)	Deferred tax liabilities (USD '000)
Property and equipment	**1,243**	**(5,814)**	1,651	(887)
Intangible assets	**–**	**(87,201)**		(97,151)
Tax losses carried forward	**–**	**–**	6	–
Provision for employment termination indemnity and vacation pay	**160**	**–**	326	–
Adjustment in the period for current tax of prior periods	**1,566**	**–**	–	–
Other	**1,433**	**(615)**	941	(3,070)
Subtotal	**4,402**	**(93,630)**	2,924	(101,108)
Set off of tax	**(1,336)**	**1,336**	(1,229)	1,229
Total deferred tax assets/(liabilities)	**3,066**	**(92,294)**	1,695	(99,879)

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

	Property and equipment (USD '000)	Tax losses carried forward (USD '000)	Provision for employment termination indemnity and vacation pay (USD '000)	Intangible assets (USD '000)	Adjustment in the period for current tax of prior periods (USD '000)	Other (USD '000)	Total (USD '000)
At 1 January 2017	948	1,551	181	(95,858)	–	(2,200)	(95,378)
Charge/(credit) to profit or loss	(243)	(1,931)	128	7,169	–	225	5,348
Acquisition of subsidiary	–	–	–	–	–	–	–
Exchange differences	59	386	17	(8,462)	–	(154)	(8,154)
At 31 December 2017	**764**	**6**	**326**	**(97,151)**	**–**	**(2,129)**	**(98,184)**
Charge/(credit) to profit or loss	**(3,899)**	**(6)**	**(122)**	**7,272**	**1,602**	**1,693**	**6,546**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exchange differences	**(1,436)**	**–**	**(44)**	**2,678**	**(36)**	**1,254**	**2,410**
At 31 December 2018	**(4,571)**	**–**	**160**	**(87,201)**	**1,566**	**818**	**(89,228)**

As at 31 December 2018 and 2017, the breakdown of the tax losses carried forward in terms of their final years of utilisation is as follows:

	2018		2017	
Expiry years of the tax losses carried forward	**Recognised (USD '000)**	**Unrecognised (USD '000)**	Recognised (USD '000)	Unrecognised (USD '000)
2018	**–**	**–**	–	909
2019	**–**	**5,694**	–	6,709
2020	**–**	**2,502**	30	3,261
2021	**–**	**1,978**	–	2,694
2022	**–**	**2,547**	–	2,689
2023	**–**	**1,329**	–	–
	–	**14,050**	30	16,262

Unrecognised deferred tax assets

At the reporting date, the Group has Turkey and Montenegro statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses do not expire until 2023. Deferred tax assets have not been recognised in respect of some portions of these items since it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Amounts recognised in OCI

	2018			2017		
	Before tax (USD '000)	**Tax (expense)/ benefit (USD '000)**	**Net of tax (USD '000)**	Before tax (USD '000)	Tax (expense)/ benefit (USD '000)	Net of tax (USD '000)
Remeasurement of defined benefit liability	**(19)**	**4**	**(15)**	(23)	5	(18)
Foreign operations – foreign currency translation differences	**42,107**	**–**	**42,107**	41,699	–	41,699
Net investment hedge	**(59,630)**	**–**	**(59,630)**	(13,389)		(13,389)
Cash flow hedges	**(61)**	**–**	**(61)**	334	–	334
Total	**(17,603)**	**4**	**(17,599)**	28,621	5	28,626

18 Trade and other receivables

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

	2018 (USD '000)	2017 (USD '000)
Trade receivables	**12,926**	14,123
Deposits and advances given*	**5,602**	13
Other receivables	**1,471**	1,566
Total trade and other receivables	**19,999**	15,702

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

As at 31 December, trade receivables comprised the following:

	2018 (USD '000)	2017 (USD '000)
Receivables from customers	**12,926**	14,123
Doubtful receivables	**1,691**	1,997
Allowance for doubtful receivables	**(1,691)**	(1,997)
Total	**12,926**	14,123

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

	2018 (USD '000)	2017 (USD '000)
Balance at the beginning of the year	**(1,997)**	(1,213)
Allowance for the year	**(143)**	(866)
Collections	**179**	212
Translation difference	**198**	(130)
Written off during the year	**72**	–
Balance at the end of the year	**(1,691)**	(1,997)

As at 31 December 2017 and 2018, current trade receivables mature between 0-3 months, in line with the nature of business. Turkish Ports are working with lower maturities mainly through advance payments, while European Ports has 30–45 days of maturities.

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

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

19 Other assets

Other non-current assets

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

	2018 (USD '000)	2017 (USD '000)
Advances given*	**1,524**	1,805
Housing loans given to employees**	**2,739**	3,043
Prepaid expenses	**328**	161
Deposits and guarantees given	**35**	13
Total	**4,626**	5,022

* Company has paid an advance for the acquisition of minority shares of Bodrum Cruise Port amounting USD 1.5 million.

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

Other current assets

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

	2018 (USD '000)	Restated 2017 (USD '000)
Prepaid expenses	**1,639**	2,945
Advances given	**486**	799
Value added tax receivable	**911**	982
Housing loans	**200**	219
Other	**100**	2
Total	**3,336**	4,947

Restatement of prior year other current assets balance

In the prior year financial statements, the narrative for line items of 'inventory' and 'other current assets' was inadvertently transposed on the face of the balance sheet. The restated presentation reflects the appropriate position.

20 Inventories

As at 31 December, inventories comprised the following:

	2018 (USD '000)	Restated 2017 (USD '000)
Commercial goods	**424**	460
Other inventories*	**1,030**	1,254
Total	**1,454**	1,714

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

The cost of inventories recognised as an expense during the year in respect of duty free operations run in Valletta Cruise Port was USD 2,453 thousand (31 December 2017: USD 2,590 thousand).

Restatement of prior year other current assets balance

In the prior year financial statements, the narrative for line items of 'inventory' and 'other current assets' was inadvertently transposed on the face of the balance sheet. The restated presentation reflects the appropriate position.

21 Cash and cash equivalents

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

	2018 (USD '000)	2017 (USD '000)
Cash on hand	**63**	69
Cash at banks	**79,766**	99,379
– Demand deposits	**52,548**	19,285
– Time deposits	**27,218**	60,786
– Overnight deposits	**–**	19,308
Cash and cash equivalents	**79,829**	99,448

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

	2018 (USD '000)	2017 (USD '000)
Up to 1 month	**26,750**	60,786
1-3 months	**468**	–
Total	**27,218**	60,786

21 Cash and cash equivalents continued

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

	2018	2017
Interest rate for time deposit – TL (highest)	**21.5%**	13.25%
Interest rate for time deposit – TL (lowest)	**19.75%**	10.25%
Interest rate for time deposit – USD (highest)	**3.17%**	2.50%
Interest rate for time deposit – USD (lowest)	**1.5%**	1.21%
Interest rate for time deposit – EUR (highest)	**n/a**	0.15%
Interest rate for time deposit – EUR (lowest)	**n/a**	0.15%

As at 31 December 2018, cash at bank amounting to USD 7,475 thousand (31 December 2017: USD 7,583 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 23).

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

22 Capital and reserves

(a) Share capital

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

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

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

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

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

	Number of shares ('000)	Share capital (USD '000)	Share Premium (USD '000)
Balance at 1 January 2017	74,307	33,836	54,539
Group restructuring	(19,307)	320,969	(54,539)
Issuance of shares on IPO	7,827	50,492	22,543
Share capital reduction	–	(404,486)	(22,543)
Balance at 31 December 2017	62,827	811	–
Balance at 31 December 2018	**62,827**	**811**	**–**

Restatement of prior year statement of changes in equity

In the prior year financial statements, 1 January 2017 opening share capital was recorded at USD 33,836 thousand; share premium at USD 54,539; and a merger reserve of nil. The effects of the group restructuring transactions in early 2017 were reflected as entries in 2017. The Directors now consider that a more appropriate presentation was that the share capital at 1 January 2017 should have been recognised at the reorganised amount of USD 354,805 thousand with an amount of USD 266,430 thousand in the merger reserve and share premium of nil. This is because the transaction was accounted for as a Group reconstruction under merger accounting and the consolidated financial statements were prepared as a continuation of the existing Group.

There is no change to the previous presented Group's closing net assets as at 31 December 2017.

(b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 197,247 thousand (31 December 2017: USD 150,523 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated financial statements of subsidiaries and equity-accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case free reserves are unavailable. As at 31 December 2018, the legal reserves of the Group amounted to USD 13,030 (31 December 2017: USD 13,012 thousand).

(iii) Hedging reserves

Net investment hedge

In the year ended 31 December 2018 and 2017, the Company has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net assets of Port Akdeniz. A foreign exchange loss recognised in other comprehensive income as a result of net investment hedging was USD 59,630 thousand (2017: loss USD 13,389 thousand).

Cash flow hedge

The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 155 thousand loss (31 December 2017, USD 55 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – effective portion of changes in fair value line item for the year was USD 216 thousand (31 December 2017, USD 389 thousand) recognised at financial expenses on profit and loss statement.

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

	3 months or less (USD '000)	More than 3 months but less than 1 year (USD '000)	5 years or less but more than 1 year (USD '000)	More than 5 years (USD '000)
Net cash outflows exposure				
Liabilities	**–**	**235**	**431**	**–**
At 31 December 2018	**–**	**235**	**431**	**–**
Net cash outflows exposure				
Liabilities	–	274	636	25
At 31 December 2017	–	274	636	25

(iv) Merger reserves

On 17 May 2017, Global Ports Holding PLC was listed on the Standard Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ('IPO') of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the Group's parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting. These consolidated financial statements have been prepared as a continuation of the existing Group. Merger accounting principles for this combination have given rise to a merger reserve of USD 225 million. This has been transferred from the merger reserve to retained earnings subsequent to the share capital reduction, as it does not have any features distinct from retained earnings.

22 Capital and reserves continued

(c) Dividends

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

GPH PLC declared on 13 August 2018 and paid on 26 October 2018, a 2018 interim dividend of GBP 0.215 per share to its shareholders, giving a distribution of GBP 13,571 thousand (USD 17,710 thousand).

GPH PLC declared 2017 final dividend of GBP 0.201 per share to its shareholders on 12 March 2018 and paid on 9 May 2018, giving a distribution of GBP 12,628 thousand (USD 17,132 thousand).

The total dividends paid in 2018 were USD 34,843 thousand.

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

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

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

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

Dividends to non-controlling interests totalled USD 3,797 in 2018 (2017: 1,063) and comprised a distribution of USD 1,320 thousand (2017: USD 1,063 thousand) made to other shareholders by Valletta Cruise Port, and a distribution of USD 2,477 thousand (2017: nil) made to other shareholders by Barcelona Port Investments.

Events after the reporting period

The Board of GPH PLC has proposed a 2018 final dividend of GBP 0.212 per share to its shareholders, giving a proposed distribution of GBP 13,319 thousand (USD 17,500 thousand) (with the rate at 31 March 2019). The final dividend is not recognised as a liability in the financial statements until approved at the 2019 AGM and there are no tax consequences.

23 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2018:

	Ege Ports (USD '000)	Bodrum Cruise Port (USD '000)	Valletta (USD '000)	Port of Adria (USD '000)	BPI (USD '000)	Cruceros (USD '000)	Ravenna (USD '000)	Cagliari (USD '000)	Catania (USD '000)	Total (USD '000)
NCI percentage	27.50%	40.00%	44.40%	36.21%	38.00%	50.40%	46.33%	29.11%	37.79%	
Non-current assets	33,332	5,304	95,089	65,202	128,224	13,009	254	3,863	2,911	
Current assets	14,785	1,685	1,667	2,470	16,236	4,191	221	1,007	311	
Non-current liabilities	(8,379)	(1,984)	(31,921)	(27,511)	(50,077)	(6,108)	(139)	(1,672)	(1,616)	
Current liabilities	(4,822)	(363)	(3,326)	(2,214)	(8,967)	(1,501)	(270)	(606)	(478)	
Net assets	34,916	4,642	61,509	37,947	85,416	9,591	66	2,592	1,128	
Net assets attributable to NCI	9,602	1,857	27,340	13,743	32,459	4,834	30	754	426	91,045
Revenue	4,650	1,776	13,017	10,042	27,846	3,731	169	1,943	1,079	
Profit	(8,109)	(1,810)	2,335	(1,254)	21,522	1,083	(155)	262	(60)	
OCI	(1,701)	(238)	(2,611)	(1,484)	(5,233)	(411)	(6)	(118)	(60)	
Total comprehensive income										
Profit for the year attributable to NCI	(2,230)	(724)	1,069	(454)	8,178	546	(72)	76	(23)	6,366
OCI for the year attributable to NCI	(467)	(95)	(1,159)	(538)	(1,988)	(207)	(3)	(34)	(23)	(4,514)
Dividends paid to NCI	–	–	(1,325)	–	(2,404)	–	–	(68)	–	(3,797)
Net cash inflow/(outflow) from operating activities	5,630	2,022	7,989	3,181	30,040	1,365	(53)	1,185	209	
Net cash inflow/(outflow) from investing activities	11,641	(1,704)	(913)	(3,477)	(1,869)	(14)	(57)	(72)	(257)	
Net cash inflow/(outflow) from financing activities	(1,001)	(60)	(4,877)	1,749	(20,886)	(861)	–	(267)	121	
Net cash inflow/(outflow)	16,270	258	2,199	1,453	7,285	490	(110)	846	73	

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2017:

	Ege Ports (USD '000)	Bodrum Cruise Port (USD '000)	Valletta (USD '000)	Port of Adria (USD '000)	BPI (USD '000)	Cruceros (USD '000)	Ravenna (USD '000)	Cagliari (USD '000)	Catania (USD '000)	Total (USD '000)
NCI percentage	27.50%	40.00%	44.40%	36.21%	38.00%	50.40%	46.33%	29.11%	37.79%	
Non-current assets	37,707	5,762	101,575	67,416	136,694	15,149	548	3,487	3,410	
Current assets	24,981	2,778	3,778	3,110	23,261	3,736	201	850	63	
Non-current liabilities	(7,161)	(898)	(35,422)	(27,827)	(75,801)	(8,396)	(253)	(1,911)	(1,883)	
Current liabilities	(10,801)	(953)	(4,582)	(1,771)	(9,285)	(1,570)	(139)	(744)	(309)	
Net assets	44,726	6,689	65,349	40,928	74,869	8,919	357	1,682	1,281	
Net assets attributable to NCI	12,300	2,677	29,015	14,820	28,450	4,495	165	490	484	92,896
Revenue	4,819	2,001	12,916	7,541	23,604	3,772	547	1,743	235	
Profit	77	(1,084)	2,585	(1,315)	3,320	(13)	8	102	(375)	
OCI	5,344	870	7,684	5,034	8,615	1,066	29	(168)	(23)	
Total comprehensive income	5,421	(214)	10,269	3,719	11,935	1,053	37	(66)	(398)	
Profit for the year attributable to NCI	21	(434)	1,187	(476)	1,262	(6)	3	30	(142)	1,445
OCI for the year attributable to NCI	1,470	348	3,412	1,823	3,274	537	13	(49)	(9)	10,819
Dividends paid to NCI	–	–	(1,063)	–	–	–	–	–	–	(1,063)
Net cash inflow/(outflow) from operating activities	5,822	1,501	5,776	(800)	13,778	1,220	44	401	(295)	
Net cash inflow/(outflow) from investing activities	(3,448)	(1,015)	(800)	686	(173)	(35)	–	(266)	(80)	
Net cash inflow/(outflow) from financing activities	(1,457)	(511)	(3,441)	(842)	(5,349)	(792)	–	(55)	142	
Net cash inflow/(outflow)	917	(25)	1,535	(956)	8,256	393	44	80	(233)	

24 Loans and borrowings

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

Current loans and borrowings	**2018 (USD '000)**	2017 (USD '000)
Current portion of Eurobond issued	**18,558**	18,556
Current bank loans	**12,031**	7,272
– *TL*	**–**	47
– *Other currencies*	**12,031**	7,225
Current portion of long term bank loans	**16,853**	17,571
– *TL*	**575**	339
– *Other currencies*	**16,278**	17,232
Finance lease obligations	**1,313**	1,479
Total	**48,755**	44,878

24 Loans and borrowings continued

Non-current loans and borrowings	2018 (USD '000)	2017 (USD '000)
Non-current portion of Eurobonds issued	**231,666**	230,889
Non-current bank loans	**66,038**	64,038
– TL	**25,565**	288
– Other currencies	**40,473**	63,750
Finance lease obligations	**592**	1,915
Total	**298,296**	296,842

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

Year	2018 (USD '000)	2017 (USD '000)
Between 1-2 years	**34,122**	32,138
Between 2-3 years	**225,086**	30,715
Between 3-4 years	**11,259**	208,750
Over 5 years	**27,237**	23,324
Total	**297,704**	294,927

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

	2018			2017		
	Future minimum lease payments (USD '000)	**Interest (USD '000)**	**Present value of minimum lease payments (USD '000)**	Future minimum lease payments (USD '000)	Interest (USD '000)	Present value of minimum lease payments (USD '000)
Less than one year	**1,382**	**(69)**	**1,313**	1,589	(110)	1,479
Between one and five years	**637**	**(45)**	**592**	2,145	(230)	1,915
Total	**2,019**	**(114)**	**1,905**	3,734	(340)	3,394

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

					As at 31 December 2018		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds[i]	Global Liman	USD	2021	Fixed	**8.13**	**250,000**	**250,224**
Secured Loan[ii]	Barcelona Port Investments	EUR	2023	Floating	**Euribor + 4.00**	**22,873**	**22,333**
Secured Loan[iii]	Málaga Cruise Port	EUR	2025	Floating	**Euribor 3m + 1.75**	**5,374**	**5,337**
Secured Loan[iv]	Valletta Cruise Port	EUR	2029	Floating	**Euribor + 3.00**	**9,644**	**8,832**
Secured Loan[viii]	Global BV	EUR	2020	Floating	**Euribor + 4.60**	**11,172**	**11,176**
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	**2.20 – 6.20**	**635**	**595**
Secured Loan[vii]	Port of Adria	EUR	2025	Floating	**Euribor + 4.25**	**21,556**	**21,707**
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	**3.60 – 6.60**	**699**	**700**
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	**3.40 – 6.00**	**572**	**575**
						322,525	**321,479**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2019	Fixed	**6.50**	**330**	**347**
Unsecured Loan	Ege Liman	EUR	2020	Fixed	**3.54**	**4,778**	**4,897**
Unsecured Loan	Ege Liman	TL	2020	Fixed	**15.84**	**241**	**244**
Unsecured Loan	Ege Liman	TL	2019	Fixed	**18.50**	**222**	**219**
Secured Loan	Ege Liman	TL	2020	Fixed	**17.76**	**112**	**112**
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	**3.80 – 8.75**	**14,876**	**15,136**
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	**Euribor + 4.00**	**2,749**	**2,712**
						23,308	**23,667**
Finance lease obligations							
Leasing[v]	Ortadoğu Liman	USD	2020	Fixed	**7.35**	**533**	**533**
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	**1.96**	**63**	**64**
Leasing[vi]	Ege Liman	EUR	2020	Fixed	**7.75**	**1,133**	**1,133**
Leasing	Ege Liman	USD	2020	Fixed	**8.60**	**149**	**175**
						1,878	**1,905**
							347,051

24 Loans and borrowings continued

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

Loans and borrowings type	Company name	Currency	Maturity	Interest type	As at 31 December 2017 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]	Málaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	6,477	6,378
Secured Loan[iv]	Valletta Cruise Port	EUR	2029	Floating	Euribor + 3.00	10,807	10,600
Secured Loan[v]	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	2020	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	2019	Fixed	5.90	2,900	3,036
Unsecured Loan	Ege Liman	USD	2020	Fixed	4.50	422	422
Unsecured Loan	Ege Liman	TL	2020	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

Detailed information relating to significant loans undertaken by the Group is as follows:

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

Eurobonds contain the following key covenants:

- If a concession termination event occurs at any time, Global Liman (the 'Issuer') must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a 'Concession Termination Event Offer'). In the Concession Termination Event Offer, the Issuer will offer a 'Concession Termination Event Payment' in cash equal to 100% of the aggregate principal amount of notes repurchased, in addition to accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the 'Concession Termination Event Payment Date'), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.
- According to the Eurobond issued by Global Liman, the consolidated leverage ratio may not exceed 5.0 to 1 (incurrence covenant). The consolidated leverage ratio as defined in the Eurobond includes Global Liman as the issuer and all of its consolidated subsidiaries excluding the Málaga Cruise Port and Valletta Cruise Port (both being Unrestricted Subsidiaries as defined in the Eurobond). Irrespective of the consolidated leverage ratio, the issuer will be entitled to incur any or all of the following indebtedness:
  - Indebtedness incurred by the Issuer, Ege Ports ('Guarantor') or Ortadoğu Liman ('Guarantor') pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5 million;
  - Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million;
  - Any additional indebtedness of the Issuer or any Guarantor (other than and in addition to indebtedness permitted above) and Port of Adria indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20 million; and provided further, that more than 50% in aggregate principal amount of any Port of Adria indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(ii) On 30 September 2014, BPI and Creuers entered into a syndicated loan. Tranche A of this loan is paid semi-annually, t the end of June and December, with the last payment being in 2023. Tranche B already paid, Tranche C amounting to Euro 2.4 million has a bullet payment in 2024. The interest rate of this loan is Euribor 6 million + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, all the shares of BPI (a total of 3,170,500 shares each being Euro 1) and Creuers (3,005,061 shares each being Euro 1) are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

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

(iv) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor + 3% (31 December 2017: 3.90% – 4.15%) per annum and are secured by a mortgage over VCP's present and future assets, together with a mortgage over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

(v) Global Ports Europe BV entered into a loan amounting to Euro 22 million in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor + 4.60%. Principal and interest is payable bi-annually, in May and November of each year. Under this loan agreement, in the event of default, all shares of Global Ports Europe BV are pledged to the bank in accordance with a share pledge agreement.

(vi) Port of Adria entered into a loan agreement with EBRD amounting to Euro 20 million in total on 26 February 2018 with a 6-year maturity, 2 years grace period and an interest rate of Euribor + 4.25%. Principal and interest will be payable quarterly, in January, April, July and November of each year. Under this loan agreement, in the event of default, all shares of Port of Adria (12.040.993 shares having Euro 0,5026 nominal value per each and 30.683.933 shares having Euro 1,1485 nominal value per each) are pledged to the bank in accordance with a share pledge agreement. In compliance with this agreement, the Company is also guarantor of Port of Adria, and as per agreement, the Company has to comply with the consolidated leverage ratio of 5.0 to 1, as it is presented on the Eurobond of Global Liman.

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

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

24 Loans and borrowings continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

		Liabilities	Equity		
	Note	Loans and Borrowings (USD '000)	Retained earnings (USD '000)	NCI (USD '000)	TOTAL (USD '000)
Balance at 1 January 2018		**341,720**	**143,148**	**92,896**	**577,764**
Changes from financing cash flows					
Proceeds from loans and borrowings		**44,205**	**–**	**–**	**44,205**
Repayment of borrowings		**(36,124)**	**–**	**–**	**(36,124)**
Dividend paid	22 ((c)	**–**	**(34,843)**	**(3,797)**	**(38,640)**
Total changes from financing cash flows		**8,081**	**(34,843)**	**(3,797)**	**(30,559)**
The effect of changes in foreign exchange rates		**(4,044)**			**(4,044)**
Other changes					
Liability-related					
Interest expense		**25,197**	**–**	**–**	**25,197**
Interest paid		**(23,903)**	**–**	**–**	**(23,903)**
Total liability-related other changes		**1,294**	**–**	**–**	**1,294**
Total equity-related other changes		**–**	**676**	**1,946**	**2,622**
Balance at 31 December 2018		**347,051**	**108,981**	**91,045**	**547,081**

25 Trade and other payables

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

	2018 (USD '000)	2017 (USD '000)
Payables to suppliers	**6,843**	8,686
Taxes payable and social security contributions	**1,558**	1,043
Due to non-controlling interest	**2,400**	308
Payables to personnel	**480**	391
Deposits received	**338**	794
Advances received	**879**	1,001
Expense accruals	**1,423**	2,657
Deferred revenue	**111**	216
Other	**1,247**	766
Total	**15,279**	15,862

The Group's average credit period for trade purchases is 39 days as of 31 December 2018 (31 December 2016: 45). 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 31.

26 Employee benefits

Under Turkish Labour 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 in addition 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 1,033 for each year of service at 31 December 2018 (31 December 2017: USD 1,121).

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 a 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:

Ceiling amount of USD 1,144 which is in effect since 1 January 2018 is used in the calculation of the Group's provision for retirement pay liability for the year ended 31 December 2018 (1 January 2017: USD 1,358). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2018	2017
Discount rate	4.67%	4.56%
Turnover rate for the expectation of retirement probability	92% – 100%	94% – 100%

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

	2018 (USD '000)	2017 (USD '000)
1 January	**936**	1,287
Included in profit or loss		
Current service costs	23	253
Interest cost (income)	16	
Provision reversals	–	(625)
Included in OCI		
Actuarial loss/(gain)	15	23
Other		
Benefits paid	(131)	(127)
Foreign currency translation differences	(62)	125
31 December	**797**	936

27 Provisions

Non-current	As at 31 December 2018 (USD '000)	As at 31 December 2017 (USD '000)
Replacement provisions for Creuers*	6,138	17,918
Port of Adria Concession fee provision**	1,375	1,496
Italian Ports Concession fee provisions ***	1,349	1,667
Total	**8,862**	21,081

* As part of the concession agreement between Creuers and the Barcelona and Málaga Port Authorities entered in 2013 (see Note 28(c), the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.

During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, which were based on the estimates at the start of the concession updated for specific known events in subsequent periods, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of USD 12,210 thousand was released from the provision in 2018.

** On 27 December 2013, the Government of Montenegro and AD Port of Adria-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 thousand per year until the end of the agreement. The expense relating to this concession agreement is recognised 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 Terminal Passeggeri 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 thousand per year until end of concession. The expense relating to this concession agreement is recognised 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 thousand per year until end of concession. The expense relating to this concession agreement is recognised 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 S.r.l. ('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 thousand per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

27 Provisions continued

Current	As at 31 December 2018 (USD '000)	As at 31 December 2017 (USD '000)
Other	**955**	1,202
Total	**955**	1,202

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

	Replacement provisions for Creuers	Port of Adria Concession fee provision	Italian Ports Concession fee provision	Unused vacations	Legal	Other	Total
Balance at 1 January	17,918	1,556	2,001	230	315	263	22,283
Provisions created	677	–	–	44	–	–	721
Provisions utilised	–	(62)	(328)	(3)	–	(80)	(473)
Reversal of provisions	(12,210)	–	–	–	(107)	–	(12,317)
Unwinding of provisions	226	–	77	–	–	–	303
Currency translation difference	(473)	(62)	(82)	(65)	(8)	(10)	(700)
Balance at 31 December	6,138	1,432	1,668	206	200	173	9,817
Non-current	6,138	1,375	1,349	–	–	–	8,862
Current	–	57	319	206	200	173	955
	6,138	1,432	1,668	206	200	173	9,817

28 Earning/(Loss) per share

The Group presents basic earnings per share ('basic EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired. In accordance with IAS 33, the comparative weighted average number of shares was restated to apply the number of shares which arose from the group reconstructing described in Note 22 (a).

The Group does not present separate diluted earnings per share ('diluted EPS') data, because there are no potential convertible dilutive securities or options. As per LTIP application which is effective starting from 1 January 2019, the bonus shares will not have dilutive impact on the earnings.

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

	2018 (USD '000)	2017 (USD '000)
Profit attributable to owners of the Company	**770**	(15,576)
Weighted average number of shares	**62,826,963**	59,889,171
Basic and diluted earnings/(loss) per share with par value of GBP 0.01 (cents per share)	**1.23**	(26.01)

29 Commitments and contingencies

(a) Litigation

There are pending lawsuits that have been filed against or by the Group. Management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2018 is USD 200 thousand (31 December 2017: USD 315 thousand).

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

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

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya and Ege Port-Kuşadası 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 the Court decision to the Council of State. The Counsel of State rejected the appeal of Port Akdeniz-Antalya and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending. The 31 December 2018 financial statements have been prepared assuming the current concession length.

Ege Port-Kuşadası filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement in favour of Ege Port-Kuşadası. The Privatization Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Port-Kuşadası. Upon exhaustion of judicial remedies, Ege Port-Kuşadası has submitted an individual application to the Constitutional Court, and the case is pending. The 31 December 2018 financial statements have been prepared assuming the current concession length.

Other legal proceedings

The Port of Adria-Bar (Montenegro) is a party to the disputes arising from the collective labour agreement executed with the union by Luka Bar AD (former employer/company), which was applicable to Luka Bar AD employees transferred to Port of Adria-Bar. The collective labour agreement has expired in 2010, before the Port was acquired by the Group under the name of Port of Adria-Bar. However, a number of lawsuits have been brought in connection to this collective labour agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group, and (ii) alleged underpaid wages as of the start of 2014. On March 2017, the Supreme Court of Montenegro adopted a Standpoint in which it is ruled that collective labour agreement cannot be applied on rights, duties and responsibilities for employees of Port of Adria-Bar after 30 September 2010. Although the Standpoint has established a precedent that has applied to the claims for the period after 30 September, 2010; there are various cases pending for claims related to the period of 1 October 2009 – 30 September 2010. In respect of the foregoing period of one year, the Port of Adria-Bar has applied to the Constitutional Court to question the alignment of the collective labour agreement with the Constitution, Labour Law and general collective agreement. The success of the pending cases is linked to the decision of the Constitutional Court regarding the collective labour agreement, and Management believes that it will be decided in favour of the Group. Consequently, no provision is recognised in respect of this matter.

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

29 Commitments and contingencies continued

(b) Guarantees

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

Letters of guarantee	2018 (USD '000)	2017 (USD '000)
Given to seller for the call option on APVS shares*	**5,585**	5,835
Given to Privatisation Administration/Port Authority	**2,572**	2,238
Other governmental authorities	**2,220**	–
Others	**75**	29
Total letters of guarantee	**10,452**	8,102

* Venetto Sviluppo, the 51% shareholder of APVS, which in turn owns a 53% stake in Venezia Terminal Passeggeri S.p.A (VTP), has a put option to sell its shares in APVS partially or completely (up to 51%) to Venezia Investimenti (VI). This option originally can be exercised between 15th May 2017 and 15th November 2018, extended until the end of November 2021. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Group has given a guarantee letter for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS.

Other collaterals are disclosed in Note 24.

(c) Contractual obligations

Ege Liman

The details of the Transfer of Operational Rights Agreement ('TOORA') dated 2 July 2003, executed by and between Ege Liman and OIB together with TDI are stated below:

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

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

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

Ege Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ege Liman.

Ortadoğu Liman

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

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

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

Ortadoğu Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

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

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

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

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

Bodrum Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Bodrum Liman.

Port of Adria

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and AD Port of Adria-Bar ('CTGC') are stated below:

Global Liman will be performing services such as repair, financing, operation, maintenance in the Port of Adria for an operational period of 30 years (terminating in 2043).

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

For the first three years of the agreement, Port of Adria had to implement certain investment and social programmes outlined in the agreement and had to commit Euro 13.6 million towards capital expenditure during that period. This included launching and investing Euro 6.5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees. All the relevant investment requirements already performed by Port of Adria at the end of 2016.

Port of Adria is liable for the maintenance of the Port of Adria together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government of Montenegro at a specific condition, while the movable properties stay with Port of Adria.

Barcelona Cruise Port

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ravenna Passenger Terminal

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

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

Catania Cruise Terminal

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

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

Cagliari Cruise Terminal

On 14 January 2013, Cagliari Cruise Port S.r.l. ('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 2018 (USD '000)	As at 31 December 2017 (USD '000)
Less than one year	**4,315**	3,187
Between one and five years	**17,825**	12,545
More than five years	**136,720**	139,510
	158,860	155,242

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valletta Cruise Port until 2066, Port of Adria until 2043, Creuers until 2033, Cruceros until 2043, Zadar Cruise Port until 2039 and Bodrum Liman until 2067. Part of the concession agreements of Creuers and Cruceros relating to the occupancy of the public land at the port and the operation of public land for commercial activities, which are out of scope of IFRIC 12, have been accounted for under IAS 17 – operating leases.

The Company use operational lease to rent its office at third floor offices at 34 Brook Street London. This lease have no purchase options and escalation clauses.

For the year ended 31 December 2018 payments recognised as rent expense were USD 5,675 thousand (31 December 2017: USD 4,765 thousand) in the consolidated income statement and other comprehensive income.

Lease as lessor

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

	As at 31 December 2018 (USD '000)	As at 31 December 2017 (USD '000)
Less than one year	**5,141**	2,326
Between one and five years	**7,059**	8,569
More than five years	**4,019**	4,753
	16,219	15,648

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

During the year ended 31 December 2018, USD 10,044 thousand (31 December 2017: USD 12,669 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

30 Service concession arrangement

(i) Creuers

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

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authorities of Barcelona and Creuers are described below:

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

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

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

(ii) Cruceros

The port operation rights, which belongs to Cruceros, recognised under intangible assets represents fixed asset elements built or acquired from third parties to adapt Maritime Station Levante and Maritime Station El Palmeral of Port of Málaga, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Cruceros are annually reviewed and approved by the Port Authority of Málaga. The intangible asset represents the right to charge users a fee for use of the terminal.

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

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

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

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

(iii) Ravenna

The port operation rights, which belongs to Ravenna, recognised under intangible assets represents acquired from third parties to operate Ravenna Cruise Port, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Ravenna are annually reviewed and approved by the Port Authority of Ravenna. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Ravenna and Ravenna Passenger Terminal S.r.l. are described below:

- Contract to operate Ravenna Cruise Port and render the tourist cruise port service of Port of Ravenna, signed for a 10-year period from its granting date, in December 2009.

On the basis of obligations assumed on the concession agreement, the corresponding provision for yearly payments are recorded (Note 27).

(iv) Catania

The port operation rights, which belongs to Catania, recognised under intangible assets represents fixed asset elements acquired from third parties to operate Catania Cruise Terminal, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Catania are annually reviewed and approved by the Port Authority of Catania. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Catania and Catania Cruise Terminal S.r.l. are described below:

- Contract to operate Catania Cruise Terminal and render the tourist cruise port service of Port of Catania, signed for a 15-year period from its granting date, in June 2011.

On the basis of obligations assumed on the concession agreement, the corresponding provision for yearly payments are recorded (Note 27).

All other ports within the Group, namely Valletta, Cagliari, Port of Adria, Port Akdeniz, Ege Port, and Bodrum Cruise Port are out of scope of IFRIC 12.

31 Related parties

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

Related parties	Relationship
Mehmet Kutman	Shareholder of Ultimate controlling party
Global Yatırım Holding	Ultimate controlling party
Global Ports Holding BV	Parent company
Global Sigorta Aracılık Hizmetleri A.Ş. ('Global Sigorta')	Ultimate controlling party's subsidiary
IEG Kurumsal Finansal Danışmanlık A.Ş. ('IEG Global')	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
Straton Maden	Ultimate controlling party's subsidiary
European Bank of Reconstruction and Development ('EBRD')	Shareholder

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

Due from related parties

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

Current receivables from related parties	**2018 (USD '000)**	2017 (USD '000)
Global Yatırım Holding	**602**	307
Adonia Shipping*	**67**	1,030
Naturel Gaz*	**72**	74
Straton Maden*	**73**	62
IEG Global	**57**	–
Global Ports Holding BV	**47**	23
Lisbon Cruise Terminals LDA	**37**	–
Mehmet Kutman	**17**	24
Ayşegül Bensel	**1**	–
Other Global Yatırım Holding Subsidiaries	**54**	79
Total	**1,027**	1,599

* These amounts are related with the work advances paid related with the services taken on utilities by Group Companies. The charged interest rate is 9.75% as at 31 December 2018 (31 December 2017: 9.75%).

Due to related parties

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

Current payables to related parties	**2018 (USD '000)**	2017 (USD '000)
Mehmet Kutman	**153**	191
Global Sigorta*	**309**	244
Global Menkul*	**1**	1
EBRD**	**–**	13
Ayşegül Bensel	**53**	–
Other Global Yatırım Holding Subsidiaries	**26**	34
Total	**542**	483

* These amounts are related to professional services received. The charged interest rate is 19.50% as at 31 December 2018 (31 December 2017: 8,50%).

** In addition, EBRD had provided a loan to Port of Adria for a total amount of Euro 20 million, details explained on Note 24.

Transactions with related parties

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

	2018		2017	
	Interest received (USD '000)	**Other (USD '000)**	Interest received (USD '000)	Other (USD '000)
Global Yatırım Holding	**252**	**–**	1,490	–
Adonia Shipping	**–**	**–**	–	–
Global Menkul	**197**	**–**	–	–
Total	**449**	**–**	1,490	–

	2018		2017	
	Interest given (USD '000)	**Other (USD '000)**	Interest given (USD '000)	Other (USD '000)
Global Yatırım Holding	**–**	**–**	–	2
Global Menkul	**–**	**–**	–	–
Total	**–**	**–**	–	2

For the year ended 31 December 2017, the Group recognised interest income on Global Yatırım bonds amounting to USD 1,490 thousand (31 December 2018: nil). For the year ended 31 December 2017, the effective interest rate was 8% (31 December 2018: nil). For the year ended 31 December 2017, the Group accounted for a gain amounting to USD 15 thousand from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (31 December 2018: nil).

For the year ended 31 December 2018, GPH distributed a total dividend of USD 21,472 thousand to Global Yatırım Holding (31 December 2017: USD 34,933 thousand).

Transactions with key management personnel

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

	2018 (USD '000)	2017 (USD '000)
Salaries	**2,279**	2,452
Bonus	**1,278**	255
Attendance fees to Board of Directors	**810**	122
Termination benefits	**25**	19
Total	**4,392**	2,848

32 Financial risk management

Overview

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

- credit risk;
- liquidity risk; and
- market risk.

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

Financial risk management objectives

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

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

Capital risk management

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

The Group is not exposed to any externally imposed capital requirements. The total capital structure of the Group consists of net loans and borrowings (as detailed in Note 23 offset by cash and cash equivalents) and equity of the Group (comprising share capital, share premium, legal reserves and retained earnings (as detailed in Note 21).

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

	2018 (USD '000)	2017 (USD '000)
Gross debt	**347,051**	341,719
Cash and bank balances	**(79,829)**	(99,448)
Short term financial investments	**(72)**	(14,728)
Net debt	**267,150**	227,543
Equity	**215,719**	269,642
Net debt to Equity ratio	**1.24**	0.84

Credit risk

Trade receivables and contract assets

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Management has a credit risk policy in place to monitor the exposure to credit risk on an ongoing basis. The Group has the ability to receive collateral for its financial assets. Furthermore, the Group obtains letters of guarantee or similar collaterals from third parties for specific agreements and projects, if necessary. Regarding the credibility of the counterparty, letters of guarantee or advance payments are received as collateral for trade receivables from port operations. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations.

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

At 31 December 2018, the exposure to credit risk for trade receivables and contract assets by Country was as follows;

	Carrying Amount	
	2018 USD '000	2017 USD '000
Turkey	**6,075**	6,293
Montenegro	**1,173**	1,298
Malta	**680**	1,117
Italy	**1,131**	801
Spain	**3,855**	4,564
Others	**12**	50
	12,926	14,123

At 31 December 2018, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows;

	Carrying Amount	
	2018 USD '000	2017 USD '000
Commercial customers	**5,270**	5,385
Cruise Customers	**7,064**	8,585
Others	**592**	153
	12,926	14,123

At 31 December 2018, the carrying amount of the Group's most significant customer (a European Commercial Line) was USD 1,621 thousand (2017: USD 1,935 thousand).

Comparative information under IAS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 December 2017 is as follows.:

	As at 31 December 2017 (USD '000)
1 to 30 days overdue	851
1 to 3 months overdue	1,418
3 to 12 months overdue	338
Total	2,607

Impaired trade receivables at 31 December 2017 had fully provided. At 31 December 2017, there was no impairment loss related to customers during the year.

32 Financial risk management continued

Credit risk continued

Expected credit loss assessment for customers as at 1 January and 31 December 2018

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2018.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current – not past due	**0.5%**	**5,345**	**(27)**	**No**
1 to 30 days overdue	**1.0%**	**1,809**	**(18)**	**No**
1 to 3 months overdue	**3.3%**	**603**	**(20)**	**No**
3 to 12 months overdue	**13.4%**	**355**	**(45)**	**No**
More than 12 months overdue	**35.1%**	**4,814**	**(1,691)**	**Yes**
Total		**12,926**	**(1,801)**	

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

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

	2018
Balance at 1 January under IAS 39	**1,997**
Adjustment on initial application of IFRS 9	**–**
Balance at 1 January under IFRS 9	**1,997**
Amounts written off	**(72)**
Collections	**(179)**
Allowance for the period	**143**
CTA	**(198)**
Balance at 31 December	**1,691**

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2018, the Company has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries (Note 24).

Liquidity risk

Liquidity risk management

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

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

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

Liquidity risk tables

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

	As at 31 December 2018					
Contractual maturities	**Carrying value**	**Total cash outflow due to contracts**	**0-3 months**	**3-12 months**	**1-5 years**	**>5 years**
Non-derivative financial liabilities						
Banks loans	**345,146**	**412,338**	**3,362**	**48,150**	**341,046**	**19,780**
Finance lease liabilities	**1,905**	**1,944**	**358**	**989**	**597**	**–**
Other financial liabilities*	**3,408**	**3,482**	**2,878**	**37**	**567**	**–**
Trade and other payables**	**12,251**	**12,361**	**5,624**	**6,562**	**175**	**–**
Due to related parties	**542**	**546**	**294**	**252**	**–**	**–**
Derivative financial liabilities						
Net settled:						
Interest rate swaps	**617**	**666**	**–**	**235**	**431**	**–**

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

** Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,558 thousand, payables to personnel USD 480 thousand, advanced received USD 879 thousand and deferred revenue USD 111 thousand, which are not financial liabilities and hence excluded from the tables above.

	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	2,662	2,662	–	–	2,662	–
Trade and other payables*	13,211	13,634	2,676	10,536	422	–
Due to related parties	483	640	157	483	–	–
Derivative financial liabilities						
Net settled:						
Interest rate swaps	852	935	–	274	636	25

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

32 Financial risk management continued

Market risk

Market risk management

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

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

- currency risk; and
- interest rate risk.

Currency risk

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

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

As at 31 December 2018, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250,224 thousand (31 December 2017: USD 249,445 thousand). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 59,630 thousand after tax for the period ended 31 December 2018 (net loss of USD 13,389 thousand after tax for the period ended 31 December 2017). In the years ended 31 December 2017 and 2018, USD 3,931 thousand, USD 17,552 thousand respectively was recognised in profit or loss due to hedge ineffectiveness.

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

Currency risk exposures

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

	As at 31 December 2018 ('000)			
	USD equivalents	USD	EUR	TL
Other non-current assets	1,609	1,500	–	576
Non-current assets	**1,609**	**1,500**	**–**	**576**
Trade and other receivables	10,795	4,966	4,969	709
Due from related parties	8,224	269	146	40,966
Other investments	72	–	63	–
Other current assets	1,302	650	60	3,057
Cash and cash equivalents	45,446	10,828	25,184	30,322
Current assets	**65,839**	**16,713**	**30,422**	**75,054**
Total assets	**67,448**	**18,213**	**30,422**	**75,630**
Loans and borrowings	57,271	54,032	2,742	404
Other Liabilities	1,495	–	–	7,865
Non-current liabilities	**58,766**	**54,032**	**2,742**	**8,269**
Loans and borrowings	17,724	4,689	10,966	2,623
Trade and other payables	4,966	2,089	279	13,455
Due to related parties	294	290	–	22
Current tax liabilities	1,954	–	–	10,282
Current liabilities	**24,938**	**7,068**	**11,245**	**26,382**
Total liabilities	**83,704**	**61,100**	**13,987**	**34,651**
Net foreign currency position	**(16,256)**	**(42,887)**	**16,435**	**40,979**

Currency risk exposures

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

	As at 31 December 2017 ('000)			
	USD equivalents	USD	EUR	TL
Other non-current assets	1,833	1,500	–	1,255
Non-current assets	1,833	1,500	–	1,255
Trade and other receivables	3,682	1,626	12	7,701
Due from related parties	14,460	86	–	54,215
Other investments	12,455	11,894	–	2,116
Other current assets	941	35	–	3,415
Cash and cash equivalents	5,827	3,097	1,393	4,009
Current assets	37,365	16,738	1,405	71,456
Total assets	39,198	18,238	1,405	72,711
Loans and borrowings	56,828	52,164	3,656	1,085
Non-current liabilities	56,828	52,164	3,656	1,085
Loans and borrowings	9,349	7,824	952	1,455
Trade and other payables	4,642	1,589	122	10,964
Due to related parties	867	–	–	3,270
Current tax liabilities	1,437	–	–	5,420
Current liabilities	16,295	9,413	1,074	21,109
Total liabilities	73,123	61,577	4,730	22,194
Net foreign currency position	(33,925)	(43,339)	(3,325)	50,517

Currency risk sensitivity analysis

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

The following tables detail the Group's sensitivity analysis based on the net exposures of each of the subsidiaries and the Group as at 31 December 2017 and 2018, which could affect the consolidated income statement and other comprehensive income.

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

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

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

32 Financial risk management continued

Market risk continued

The following tables show the Group's foreign currency sensitivity analysis as at 31 December 2018 and 2017:

Year ended 31 December 2018 **USD '000**	**USD (USD '000)**	**TL (USD '000)**	**EUR (USD '000)**
Net financial assets		**78**	**188**
Net financial liabilities	**(428)**		

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 266 thousand and USD 1,952 thousand respectively, for the year ended 2018.

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

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

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 2018, the Group uses interest rate swaps to hedge its floating interest rate risk.

Interest rate risk exposures

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

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

		Interest rate exposure	
		As at 31 December 2018 (USD '000)	As at 31 December 2017 (USD '000)
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	**27,217**	80,093
	Loans and receivables	**72**	14,728
	Amounts due from related parties	**1,027**	1,525
Financial liabilities	Loans and borrowings	**(274,954)**	(267,884)
	Other financial liabilities	**(3,408)**	(2,662)
		(250,046)	(174,200)
Effect of interest rate swap		**(24,202)**	(28,014)
		(274,248)	(202,214)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	**(72,097)**	(73,836)
Effect of interest rate swap*		**24,202**	28,014
		(47,895)	(45,822)

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

Floating rate loans with a principal amount of USD 24,202 thousand (31 December 2017: USD 28,015 thousand) have been designated in a cash flow hedge relationship.

Interest rate swap contracts

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

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

Cash flow hedges

	As at 31 December 2018		
fixed rate contract	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	**0.97**	**4,872**	**228**
1 to 2 years	**0.97**	**5,084**	**176**
2 to 5 years	**0.97**	**14,246**	**213**
5 years +	**–**	**–**	
	0.97	**24,202**	**617**

	As at 31 December 2017		
fixed rate contracts	Average contract fixed interest rate (%)	Notional principal value (USD '000)	Fair value (USD '000)
Less than 1 year	0.97	3,912	266
1 to 2 years	0.97	4,449	218
2 to 5 years	0.97	16,412	348
5 years +	0.97	3,241	20
	0.97	28,014	852

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

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

Interest rate risk sensitivity analysis

As at 31 December 2018, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 478 thousand (31 December 2017: higher by USD 458 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 302 thousand (31 December 2017: lower by USD 344 thousand).

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

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

32 Financial risk management continued

Fair value measurements

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

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

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

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

Financial assets	Note	As at 31 December 2018 Carrying Amount (USD '000)	As at 31 December 2017 Carrying Amount (USD '000)
Loans and receivables	15, 18, 19, 31	**22,674**	37,274

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

		As at 31 December 2018		As at 31 December 2017	
Financial assets	Note	Carrying Amount USD '000	Fair Value USD '000	Carrying Amount USD '000	Fair Value USD '000
Other financial assets		**12,009**	**12,009**	–	–
Financial liabilities					
Loans and borrowings	24	**347,581**	**336,868**	334,860	347,788

The Group's convertible debt instrument, issued by Dreamlines, has been included in Level 3 of the fair value hierarchy. On the basis that no alternative or contradictory evidence has been identified, Management concluded that the assumption that continuing to recognise the FVTPL instrument at cost at this point is reasonable.

Reconciliation of Level 3 fair value:

31 December 2018	Unquoted equities (USD '000)	Total (USD '000)
Opening Balance	–	–
Total gains or losses		
– in profit or loss*	32	32
– in other comprehensive income	–	–
Purchases	11,977	11,977
Closing Balance	12,009	12,009
Foreign exchange gains	32	32

* Gains or losses included in profit or loss attributable to assets and liabilities still held as at 31 December 2018

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

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

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

Financial instruments at fair value

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

		Level 1 (USD '000)	Level 2 (USD '000)	Level 3 (USD '000)	Total (USD '000)
As at 31 December 2018	Financial assets at fair value through profit or loss	–	–	12,009	12,009
	Derivative financial liabilities	–	617	–	617
As at 31 December 2017	Derivative financial liabilities	–	855	–	855

Fair value measurements

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

Reconciliation of liabilities arising from financing activities

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

			Non-cash changes						
	1 January 2018	**Financing cash flows**	**Translation reserves**	**Acquisition of subsidiary**	**Disposal of subsidiary**	**Fair value adjustments**	**New finance leases**	**Other changes**	**31 December 2018**
Bank loans (Note 23)	**341,720**	**8,036**	**(3,987)**	**–**	**–**	**–**	**–**	**1,282**	**347,051**
Loans from related parties (Note 30)	**483**	**58**	**1**	**–**	**–**	**–**	**–**	**–**	**542**
Other financing liabilities	**2,662**	**–**	**(104)**	**–**	**–**	**–**	**–**	**850**	**3,408**
Interest rate swaps	**852**	**(275)**	**(115)**	**–**	**–**	**155**	**–**	**–**	**617**
Total financial liabilities	**345,717**	**7,819**	**(4,205)**	**–**	**–**	**155**	**–**	**2,132**	**351,618**

			Non-cash changes						
	1 January 2017	Financing cash flows	Translation reserves	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New finance leases	Other changes	31 December 2017
Bank loans (Note 24)	339,289	(9,204)	11,346	–	–	–	–	289	341,720
Loans from related parties (Note 31)	581	(133)	35	–	–	–	–	–	483
Other financing liabilities	2,655	(140)	147	–	–	–	–	–	2,662
Interest rate swaps	1,131	(389)	55	–	–	55	–	–	852
Total financial liabilities	343,656	(9,866)	11,583			55		289	345,717

33 Events after the reporting date

Company has signed a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis. The concession also includes certain retail outlets in the project area.

The successful commencement of the concession is subject to a number of final conditions being satisfied, including, amongst others, the Group securing suitable financing. Company is in advanced discussions with local and international banks in relation to long term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H1 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Company has been awarded by Government of the Bahamas, Nassau Cruise Port Ltd ('NCP'), a consortium comprising GPH, the Bahamian Investment Fund ('BIF') and the Yes Foundation the cruise port tender for a 25-year concession for the Prince George Wharf and related areas, at Nassau cruise port. Company, NCP and the Government of the Bahamas will start working towards agreeing the terms of a concession agreement. NCP will be 49% owned by the Company, 49% owned BIF and 2% owned by Yes Foundation, with Global Ports Holding operating the port.

GPH is in advanced stage discussions with local and international banks over long-term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H2 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Parent Company balance sheet
As at 31 December 2018 and 2017

	Note	2018 (USD '000)	2017 (USD '000)
Non-current assets			
Investments	38	**366,814**	354,805
Tangible assets		**38**	–
Prepayments		**–**	117
Total non-current assets		**366,852**	354,922
Current assets			
Related parties	41	**7,227**	3,638
Trade receivables and other receivables		**410**	92
Prepaid taxes		**–**	32
Cash and cash equivalents		**549**	51,140
Total current assets		**8,186**	54,902
Total assets		**375,038**	409,824
Current liabilities			
Redeemable preference shares		**–**	(65)
Trade and other payables		**(934)**	(939)
Related parties	41	**(1,679)**	(387)
Total current liabilities and total liabilities		**(2,613)**	(1,391)
Net current assets		**5,573**	53,511
Total assets less current liabilities		**372,425**	408,433
Net assets		**372,425**	408,433
Capital and reserves			
Share capital	39	**811**	811
Share premium	39	**–**	–
Retained earnings		**371,614**	407,622
Shareholders' funds		**372,425**	408,433

These financial statements were approved by the Board of Directors on 4 April 2019 and signed on its behalf by:

Ercan Nuri Ergül
Board Member
Company registered number: 10629250

the accompanying notes form part of these financial statements

Parent Company Statement of changes in equity
For the periods ended 31 December 2018 and 2017

	Note	Share capital (USD '000)	Share premium account (USD '000)	Retained earnings (USD '000)	Total (USD '000)
Loss for the period		–	–	(1,168)	(1,168)
Total comprehensive loss for the period		–	–	(1,168)	(1,168)
Group restructuring	39	354,805	–	–	354,805
Issuance of shares on IPO	39	50,492	22,543	–	73,035
Dividend payment		–	–	(18,239)	(18,239)
Share capital reduction by reducing the nominal value of shares	39	(404,486)	(22,543)	427,029	–
Balance as at 31 December 2017		811	–	407,622	408,433

	Note	**Share capital (USD '000)**	**Share premium account (USD '000)**	**Retained earnings (USD '000)**	**Total (USD '000)**
Balance as at 1 January 2018		**811**	**–**	**407,622**	**408,433**
Loss for the period				**(1,165)**	**(1,165)**
Total comprehensive loss for the period		**811**	**–**	**406,457**	**407,268**
Dividend payment		**–**	**–**	**(34,843)**	**(34,843)**
Balance as at 31 December 2018		**811**		**371,614**	**372,425**

the accompanying notes form part of these financial statements

34 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

(a) General information

Global Ports Holding (the 'Company') was incorporated on 20 February 2017 in the United Kingdom under the Companies Act 2006.

On 17 May 2017, the Company undertook a share for share group restructure and became the 100% parent company of Global Liman Isletmeleri A.S.

Also on 17 May 2017, the Company and enlarged group completed an IPO and achieved a standard listing on the London Stock Exchange. The net proceeds received were USD 73,035 thousand.

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales (the 'Court'), creating distributable reserves of USD 427,029 thousand for the Company.

The Company is a public company limited by shares and is registered in England and Wales. The address of the Company's registered office is 100 New Bridge Street, London, United Kingdom EC4V 6JA.

(b) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). All amounts in the financial statements have been rounded to the nearest USD 1,000.

On incorporation, the Company was determined to have a functional and presentation currency of GBP. These were changed to USD with effect from 17 May 2017, being the date of the IPO, at which point the Company's circumstances changed significantly following the receipt of cash held primarily in USD and the establishment of dividend policy under which amounts would be received and declared in USD.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 35.

(c) Going concern

The directors have considered estimates of cash flows for a period of 12 months from the date of the approval of the financial statements and have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. The financial statements have therefore been prepared using the going concern basis of accounting.

The Company is not expecting any significant impact on its operations from the UK decision to leave European Union.

(d) Financial instruments
When a financial asset or financial liability is recognised initially, the Company measures it at its fair value, which is normally the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(e) Redeemable preference shares
On incorporation date of 20 February 2017, the Company issued GBP 50 thousand of non-voting redeemable preference shares, which whilst meeting the legal definition of capital, are redeemable by the holder Global Ports Holding B.V. or the Company and are accordingly presented as a financial liability under FRS 102 as there is a contractual right to deliver cash or another financial entity to another entity. The redeemable preference shares do not carry voting rights or the right to receive dividends. Following the Company's change in functional currency on 17 May 2017, the preference shares were translated at the spot exchange rate giving a liability of USD 65 thousand and a corresponding related party receivable from the holder as the instrument is unpaid. These preference shares were redeemed in 2018.

(f) Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Where intercompany loans receivable and payable are repayable on demand, they are treated as short term debtors and creditors. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(g) Investments
Investments are carried at cost less accumulated impairment. As permitted by Section 615 of the Companies Act 2006 and FRS 102, the cost of the Company's investment in Global Liman Isletmeleri A.S. has been measured at the nominal value (USD 354,805,000) of the shares issued by the Company in consideration, reflecting the application of group reconstruction relief to that issue of shares.

(h) Impairment of financial assets/investments in subsidiaries
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is calculated as the present value of the estimated future cash flows discounted at the asset's original effective interest rate. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Company recognises an impairment loss immediately in profit or loss.

Any impairment loss recognised for all assets reversed in a subsequent period if, and only if, the reasons for the impairment have ceased to exist.

(i) Operating lease commitments
The Group has entered into commercial property leases as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

34 Accounting policies continued

(j) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(k) Foreign currencies

The Company records cash flows arising from transactions in a foreign currency in the Company's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow or an exchange rate that approximates the actual rate. Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. The Company remeasured cash and cash equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. Intercompany receivables and payables are revalued with period-end exchange rates.

(l) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

35 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

(a) Impairment of investments in subsidiaries

Determining whether the Company's equity investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. Value in use calculations requires subjective judgements based on a wide range of variables at a point in time including future passenger numbers or commercial volumes. Any significant decrease in variables used for value in use calculation is assessed as an impairment indicator. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount and an impairment loss is recognised in the income statement. Investment in subsidiaries is amounting to USD 366,814 thousand as of 31 December 2018 (31 December 2017: USD 354,805 thousand). No impairment loss has been recognised for the period ended 31 December 2018 and 31 December 2017 (Note 39). For further information please refer to Note 3 (d) in the Group accounts.

36 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2018	2017
Temporary	**11**	–
Permanent	**–**	–
	11	–

The aggregate payroll costs of these persons were as follows:

	2018 USD '000	2017 USD '000
Employee benefits	**714**	–
– Wages and salaries	**587**	–
– Social security contributions	**104**	–
– Overtime and Bonuses paid	**–**	–
– Benefits	**23**	–

37 Auditor's remuneration

Fees payable to auditor and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

38 Investments

	2018 (USD '000)	2017 (USD '000)
Global Liman A.S	**354,805**	354,805
Convertible loans given to Dreamlines GmbH	**12,009**	–
Total	**366,814**	354,805

The details of convertible loan given to Dreamlines explained in detail on Note 32.

38 Investments continued

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

Name of the Company	Registered office address	Holding	%
Global Liman A.S*	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Intermediary Holding Company	100.0
Ege Liman İşletmeleri A.Ş.	Güvercinada No:2, 09400, Aydın – Turkey	Subsidiary	72.5
Ortadoğu Antalya Liman İşletmeleri A.Ş.	Antalya Limanı, Antalya – Turkey	Subsidiary	100.0
Bodrum Liman İşletmeleri A.Ş.	İskele Cd. No:14, 48400 Bodrum/Muğla – Turkey	Subsidiary	60.0
AD Port of Adria-Bar	Obala 13 jula, Bar – Montenegro	Subsidiary	63.8
Barcelona Port Investments, S.L	World Trade Center 08039 Barcelona – Spain	Subsidiary	62.0
Creuers del Port de Barcelona, S.A.	Estacio Maritima Nord Atell WTC 08039 Barcelona – Spain	Subsidiary	62.0
Cruceros Málaga, S.A.	Estación Marítima de Levante 29001 Málaga – Spain	Subsidiary	49.6
Global Ports Europe B.V	Prins Bernhardplein 200, 1097 JB Amsterdam, Holland	Subsidiary	100.0
Global Ports Melita Ltd.	Suite 21, Block A, Il-Pjazzetta, Tower Road Sliema Malta	Subsidiary	100.0
Valletta Cruise Port PLC	45/46 Pinto Wharf Floriana FRN 1913	Subsidiary	55.6
Port Operation Holding S.r.l.	Viale Andrea Doria 7 Milano –20124 Italy	Subsidiary	100.0
Royal Caribbean Investments (Cyprus) Ltd	10-12 Florinis Street, STADYL Building 4th Floor Nicosia, 1065 Cyprus	Subsidiary	95.0
Ravenna Terminali Passeggeri S.r.l.	Porto Corsini 48123 Ravenna, Italy	Subsidiary	53.7
Catania Cruise Terminal S.r.l.	Terminal Crociere sporgente centrale – Porto 95121 Catania	Subsidiary	62.2
Cagliari Cruise Port S.r.l.	Molo Rinascita – Porto 09123 Cagliari – Italy	Subsidiary	70.9
Global Ports Mediterranean S.L.	CL Hermosilla 11 4, Madrid, Spain	Subsidiary	100.0
Global Ports Netherlands B.V.	Prins Bernhardplein 200, 1097 JB Amsterdam, Holland	Subsidiary	100.0
Zadar International Port Operations d.o.o.		Subsidiary	100.0
Global Depolama A.Ş.	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Subsidiary	100.0
Randa Denizcilik San. ve Tic. Ltd. Şti.	Antalya Serbest Bölgesi Antalya-Turkey	Subsidiary	100.0
LCT – Lisbon Cruise Terminals, LDA	Rua Da Instituto Industrial, 18 1ºE 1200-225 Lisboa – Portugal	Associate	46.2
SATS – Creuers Cruise Services Pte. Ltd.	61 Marina Coastal Drive Singapore, 018947	Associate	24.8
Venezia Investimenti S.r.l.	Via Cappuccina N 20 Venezia Mestre, 30174 Italy	Associate	25.0
La Spezia Cruise Facility S.r.l.	Viale San Bartolomeo, 109 19126 La Spezia	Associate	28.5

* Company is controlled directly by GPH PLC.

Subsidiary undertakings

	(USD '000)
Cost	
At 31 December 2018	**354,805**
Carrying value	**354,805**

	(USD '000)
Cost	
Group restructuring	354,805
At 31 December 2017	354,805
Carrying value	354,805

39 Called up share capital and reserves

	2018 (USD '000)	2017 (USD '000)
Allotted, called up and fully-paid 62,826,963 ordinary shares of GBP 0.01 each	**811**	811

The Company was incorporated on 20 February 2017 in the United Kingdom under the Companies Act 2006 with one ordinary share of GBP 1, issued to Global Ports Holding B.V., a further four ordinary shares of GBP 1 were subsequently allocated on 25 April 2017 and together were consolidated into a single share of GBP 5. In addition, GBP 50,000 of non-voting redeemable preference shares were issued on incorporation, which whilst meeting the legal definition of capital, were callable by the holder Global Ports Holding B.V. and were accordingly presented as a liability under FRS 102.

On 17 May 2017, the Company became the parent company of Global Liman Isletmeleri A.S. and its subsidiaries through the acquisition of the full share capital of Global Liman İşletmeleri A.Ş. in exchange for 55,000,000 GBP 5 shares in the Company issued to the previous shareholders, pro-rated to their previous interests in Global Liman İşletmeleri A.Ş. As of this date, the Company's share capital increased from GBP 5 to GBP 275,000 thousand (GBP 354,805 thousand). In accordance with FRS 102, the investment in subsidiary was recognised at the cost of GBP 354,805 thousand.

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

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales (the 'Court'). The nominal value of each of the ordinary shares in the Company has been reduced from GBP 5.00 to GBP 0.01 giving a reduction in share capital from GBP 314,135 thousand (USD 405,297 thousand) to GBP 628 thousand (USD 811 thousand). This reduction of GBP 313,507 thousand (USD 404,486 thousand) in share capital together with the cancellation of the USD 22,543 thousand share premium account, created distributable reserves of USD 427,029 thousand for the Company.

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares carry full voting rights and the right to receive dividends. The ordinary shares do not confer any right of redemption.

	Share capital	
	Number of shares	Value (USD '000)
Issued on incorporation at 20 February 2017	1	–
Group restructuring	55,000,000	354,805
Issuance of shares on IPO	7,826,962	50,492
Share capital reduction by reducing the nominal value of shares	–	(404,486)
Balance at 31 December 2017	62,826,963	811

39 Called up share capital and reserves continued

	Share premium (USD '000)
Balance as at 20 February 2017	–
Issuance of shares on IPO	22,543
Share capital reduction by reducing the nominal value of shares	(22,543)
Balance as at 31 December 2017	**–**

40 Obligations under leases and hire purchase contracts

The Company use operational lease to rent its office at third floor offices at 34 Brook Street London. This lease have no purchase options and escalation clauses.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 (USD '000)	2017 (USD '000)
Within one year	**237**	237
In two to five years	**710**	947
In over five years		–
Total	**947**	1,184

41 Related party transactions

Directors' transactions

None.

Other related party transactions,

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

31 December 2018 Related parties	**Relationship**	**Amounts due (USD '000)**	**Amounts owing (USD '000)**
Global Yatırım Holding A.Ş.	Parent company	**201**	**–**
Global Liman İşletmeleri A.Ş.	Subsidiary	**–**	**1,473**
Global Ports Europe B.V.	Subsidiary	**6,695**	**–**
Bodrum Liman Işletmeleri A.Ş.	Subsidiary	**18**	**–**
Ad Port of Adria-Bar	Subsidiary	**18**	**–**
Ortadoğu Liman Işletmeleri A.Ş.	Subsidiary	**18**	**–**
Port Operation Holding S.r.l.	Subsidiary	**74**	**–**
Barcelona Port Investments, S.L.	Subsidiary	**74**	**–**
Lisbon Cruise Terminals	Subsidiary	**37**	**–**
Ege Liman Işletmeleri A.Ş.	Subsidiary	**37**	**–**
Valletta Cruise Port	Subsidiary	**37**	**–**
Zadar International Ports	Subsidiary	**18**	**–**
Mehmet Kutman	Chairman	**–**	**153**
Ayşegül Bensel	Member of BoD	**–**	**53**
Total		**7,227**	**1,679**

31 December 2017 Related parties	Relationship	Amounts due (USD '000)	Amounts owing (USD '000)
Global Ports Holding B.V.	Parent company	65	–
Global Liman İşletmeleri A.Ş.	Subsidiary	–	387
Global Ports Europe B.V.	Subsidiary	3,573	–
Total		3,638	387

42 Dividends on equity shares

	2018 (USD '000)	2017 (USD '000)
Amounts recognised as distributions to equity holders in the period:		
Interim dividend paid of 21.5p (2017: 21.6p) per ordinary share	**17,710**	18,239
	17,710	18,239

GPH PLC declared 2017 final dividend of GBP 0.201 per share to its shareholders on 12 March 2018 and paid on 9 May 2018, giving a distribution of GBP 12,628 thousand (USD 17,132 thousand).

Events after the reporting period
The Board of GPH PLC has proposed a 2018 final dividend of GBP 0.212 per share to its shareholders, giving a proposed distribution of GBP 13,319 thousand (USD 17,500 thousand) (with the rate at 31 March 2019). The final dividend is not recognised as a liability in the financial statements until approved at the 2019 AGM and there are no tax consequences.

The Company's redeemable preference shares are included in the balance sheet as a liability. There are no dividends payable on redeemable preference shares included in financials.

43 Controlling party

In the opinion of the directors, the Company's ultimate parent Company is Global Yatırım Holding A.Ş. 'GYH', a Company incorporated in Turkey. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Global Yatırım Holding A.Ş., a Company incorporated and public company in Turkey, Rıhtım Cad. No:51 Karaköy, Istanbul.

Mr. Mehmet Kutman, chairman of GYH, with his shares in Turkcom A.Ş., controls the Company as a result of controlling, directly or indirectly 24.33% of the issued share capital of GYH as of 31 December 2018.

44 Events after balance sheet date

Company has signed a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis. The concession also includes certain retail outlets in the project area.

The successful commencement of the concession is subject to a number of final conditions being satisfied, including, amongst others, the Group securing suitable financing. Company is in advanced discussions with local and international banks in relation to long term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H1 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Company has been awarded by Government of the Bahamas, Nassau Cruise Port Ltd ('NCP'), a consortium comprising GPH, the Bahamian Investment Fund ('BIF') and the Yes Foundation the cruise port tender for a 25-year concession for the Prince George Wharf and related areas, at Nassau cruise port.

Company, NCP and the Government of the Bahamas will start working towards agreeing the terms of a concession agreement. NCP will be 49% owned by the Company, 49% owned BIF and 2% owned by Yes Foundation, with Global Ports Holding operating the port.

GPH is in advanced stage discussions with local and international banks over long-term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H2 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Glossary of alternative performance measures (APM)

These financial statements includes certain measures to assess the financial performance of the Group's business that are termed 'non-IFRS measures' because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-GAAP measures comprise the following;

Segmental EBITDA

Segmental EBITDA calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items.

Management evaluates segmental performance based on Segmental EBITDA. This is done to reflect the fact that there is a variety of financing structures in place both at a port and Group-level, and the nature of the port operating right intangible assets vary by port depending on which concessions were acquired versus awarded, and which fall to be treated under IFRIC 12. As such, management considers monitoring performance in this way, using Segmental EBITDA, gives a more comparable basis for profitability between the portfolio of ports and a metric closer to net cash generation. Excluding project costs for acquisitions and one-off transactions such as the IPO as well as unallocated expenses, gives a more comparable year-on-year measure of port-level trading performance.

Management is using Segmental EBITDA for evaluating each port and group-level performances on operational level. As per management's view, some specific adjusting items included on the computation of Segmental EBITDA.

Specific adjusting items

The Group presents specific adjusting items separately. For proper evaluation of individual ports financial performance and consolidated financial statements, Management considers disclosing specific adjusting items separately because of their size and nature. These expenses and incomes include project expenses; being the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements, employee termination expenses, income from insurance repayments, replacement provisions and other provision expenses and other insignificant expenses.

Specific adjusting items comprised as following,

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Project expenses	**9,594**	16,342
Employee termination expenses	**147**	250
Replacement provisions	**677**	2,078
Provisions/(reversal of provisions)	**(12,210)**	(135)
Other expenses	**(690)**	480
Specific adjusting items	**(2,482)**	19,015

Adjusted EBITDA

Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses.

Management uses Adjusted EBITDA measure to evaluate Group's consolidated performance on an 'as-is' basis with respect to the existing portfolio of ports. Notably excluded from Adjusted EBITDA, the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements. M&A and project development are key elements of the Group's strategy in the Cruise segment. Project lead times and upfront expenses for projects can be significant, however these expenses (as well as expenses related to raising financing such as IPO or acquisition financing) do not relate to the current portfolio of ports but to future EBITDA potential. Accordingly, these expenses would distort Adjusted EBITDA which management is using to monitor the existing portfolio's performance.

A full reconciliation for Segmental EBITDA and Adjusted EBITDA to profit before tax is provided in the Segment Reporting Note 5 to these financial statements.

Underlying Profit

Management uses this measure to evaluate the profitability of the Group normalised to exclude the specific non-recurring expenses and income, and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.

Underlying Profit is calculated as profit/(loss) for the year after adding back: amortisation expense in relation to Port Operation Rights and specific non-recurring expenses and income.

Adjusted earnings per share

Adjusted earnings per share is calculated as underlying profit divided by weighted average per share.

Management uses these measures to evaluate the profitability of the Group normalised to exclude the one-off IPO costs and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.

Underlying profit and adjusted earnings per share computed as following;

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Profit/(Loss) for the Period	**7,136**	(14,131)
Amortisation of port operating rights	**31,648**	31,032
IPO costs	**-**	9,768
personnel premiums related based on successful listing on LSE	**-**	1,841
Reversal of replacement provisions	**(12,209)**	–
Underlying Profit	**26,575**	28,510
Weighted average number of shares	**62,826,963**	59,889,171
Adjusted earnings per share (pence)	**42.3**	47.6

Net debt

Net debt comprises total borrowings (bank loans, Eurobond and finance leases net of accrued tax) less cash, cash equivalents and short term investments.

Management includes short term investments into the definition of Net Debt, because these short term investment are comprised of marketable securities which can be quickly converted into cash.

Net debt comprised as following;

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Current loans and borrowings	**48,755**	44,878
Non-current loans and borrowings	**298,296**	296,842
Gross debt	**347,051**	341,720
Cash and bank balances	**(79,829)**	(99,448)
Short term financial investments	**(72)**	(14,728)
Net debt	**267,150**	227,544
Equity	**215,721**	264,730
Net debt to Equity ratio	**1.24**	0.86

Leverage ratio

Leverage ratio is used by management to monitor available credit capacity of the Group.

Leverage ratio is computed by dividing gross debt to Adjusted EBITDA.

Leverage ratio computation is made as follows;

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Gross debt	**347,051**	341,719
Adjusted EBITDA (annualised)	**83,714**	75,277
Leverage ratio	**4.15x**	4.54x

CAPEX

CAPEX represents the recurring level of capital expenditure required by the Group excluding M&A related capital expenditure.

CAPEX computed as 'Acquisition of property and equipment' and 'Acquisition of intangible assets' per the cash flow statement.

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Acquisition of property and equipment	**11,896**	13,279
Acquisition of intangible assets	**2,911**	596
CAPEX	**14,807**	13,875

Cash conversion ratio

Cash conversion ratio represents a measure of cash generation after taking account of on-going capital expenditure required to maintain the existing portfolio of ports.

It is computed as Adjusted EBITDA less CAPEX divided by Adjusted EBITDA.

	Year ended 31 December 2018 (USD '000)	Year ended 31 December 2017 (USD '000)
Adjusted EBITDA	**83,714**	75,277
CAPEX	**(14,912)**	(13,875)
Cash converted after CAPEX	**68,802**	61,402
Cash conversion ratio	**82.2%**	81.6%

Hard currency

Management uses the term hard currency to refer to those currencies that historically have been less susceptible to exchange rate volatility. For the year ended 31 December 2018 and 2017, the relevant hard currencies for the Group are US Dollar, Euro and Singaporean Dollar.

Notes

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