

**Global Yatırım Holding Anonim Şirketi  
and its Subsidiaries**

**Convenience Translation into English of  
Consolidated Financial Statements  
As At and For The Year  
Ended 31 December 2016 With  
Independent Auditors' Report Thereon**

**13 March 2017**

**This report includes 3 pages of independent auditors' report and 127 pages of consolidated financial statements together with their explanatory notes.**

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of  
Global Yatırım Holding Anonim Şirketi**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Global Yatırım Holding Anonim Şirketi ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Global Yatırım Holding Anonim Şirketi and its subsidiaries as at 31 December 2016, and of its their financial performance and its their cash flows for the year then ended in accordance with Turkish Accounting Standards.

## *Emphasis of Matter*

Without qualifying our opinion, we draw your attention to the Note 19 of the accompanying consolidated financial statements:

As explained in detail in Note 19, the pending lawsuit numbered 2010/920E before 13th Department of Council of State between Ankara Metropolitan Municipality (“the Municipality”) and Joint Venture Group (“JVG”), in which the Group is one of the venturers, regarding the cancellation of decision of the Municipality for the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group in favor of Municipality in accordance with the specifications of the privatization tender of Başkent Doğalgaz Dağıtım A.Ş. by the method of block sale, resulted against the JVG on 8 May 2014 and the decision is appealed by the Group. The appeal is rejected and the Company returned to the Court for the revision of the decision.

On the other hand, on 26 February 2013 the pending lawsuit numbered 2010/308E before Ankara 4th Commercial Court regarding the prevention of the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group and to dissolve the dispute resulted against the JVG and the related preliminary injunction has been repealed. The Group appealed the decision of Ankara 4th Commercial Court dated 26 February 2013 on the lawsuit numbered 2010/308E regarding the prevention of the liquidation of Letter of Guarantee and to dissolve the dispute. As a result of the appeal, the 11th Chamber of Supreme Court acknowledged the Group’s objections and reversed the decision of Ankara 4th Commercial Court in favor of the Group on 21 October 2014. The defendant Municipality requested for the revision of decision of the 11th Chamber of Supreme Court, the Supreme Court also rejected this revision request in favor of the Company. The file returned to the Court of First Instance and this court will re-trial with a new file number 2016/37 in view of the Supreme Court’s decision of reversal.

As a result the lawsuit resulted against the Group on 26 February 2013, the Group accounted its obligations arising from the decision of the Court of First Instance in its consolidated financial statements as at 31 December 2012. As at the date of reporting period, the Letter of Guarantee amounting to USD 50 million has been liquidated and paid in cash by the Group and legal proceedings with regard to reimbursement of the share of the other members of the JVG which is recognized as other receivables have been initiated. In 2014, the Group, came to an agreement with the two members of the JVG on the continuing lawsuits regarding the reimbursement of the related costs, collected the related agreed amounts and adjusted its consolidated financial statements accordingly. However, the lawsuit regarding the reimbursement of the related costs against the other member of the JVG is pending. As this receivable is believed to be reimbursable by the Group management according the JV Agreement, it is recorded in the consolidated financial statements.

Additionally, the Municipality filed a lawsuit numbered 2013/206E against the JVG before 4th Ankara Commercial Court in request for the compensation for unlawful preliminary injunction. The Group requested for a nonsuit and for awaiting the finalization of the decisions of the superior court by reasoning the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before other courts, and also requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. In the last hearing held on 08 February 2017, the Court decided to pend the filing until the finalization of the lawsuit numbered 2016/37 E. which is on trial in the same court as described above.

As explained in detail in Note 19, the Water Utilization Rights Agreement which should had been signed between a subsidiary of the Group engaged in hydroelectric power plant investments and the General Directorate of State Water Works (“DSİ”) has not been put in signature due to the cancellation of the project by DSİ. The Group lawyers have filed a lawsuit at the 16th Administrative Court of Ankara to cancel the decision given by DSİ which was further rejected by the Court. The Group lawyers appealed the verdict at the Council of State and requested an injunction. The legal counsels of the Group strongly believes that the Council of State will reverse the judgment.

As at the date the consolidated financial statements were authorized for issue, the litigations mentioned above are being held at different stages of the judicial proceedings and include uncertainty regarding the ultimate outcome of the resolutions. The Group management, based on consultation with the Group legal attorneys, has not provided any provision with respect to aforementioned litigation matters in the accompanying consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 13 March 2017.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2016 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

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



Burç Seven  
Partner

İstanbul, 13 March 2017

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**Global Yatırım Holding A.Ş. and its Subsidiaries**  
**Consolidated Statement of Financial Position as at 31 December 2016**  
*(Currency Turkish Lira ("TL") unless otherwise stated)*

		Audited 31 December 2016	Audited 31 December 2015
<b>ASSETS</b>			
<b>Current assets</b>		<b>628.824.363</b>	<b>671.417.856</b>
Cash and cash equivalents	7	209.040.990	296.169.494
Financial Investments	8	12.085.964	15.540.728
Trade receivables		88.527.784	81.927.492
- Trade Receivables Due From Unrelated Parties	10	88.527.784	81.927.492
Other receivables		79.111.752	52.522.160
- Other Receivables Due From Related Parties	6	63.457.173	44.991.563
- Other Receivables Due From Unrelated Parties	11	15.654.579	7.530.597
Receivables from operations in finance sector		58.498.050	70.792.190
-Receivables From Financial Sector Operations Due From Related Parties	6	12.321.934	9.944.862
-Receivables From Financial Sector Operations Due From Unrelated Parties	12	46.176.116	60.847.328
Inventories	13	82.064.090	59.483.667
Prepayments	14	42.130.447	49.094.733
Derivative Financial Assets	33	1.346.268	-
Current Tax Assets	22	13.413.283	2.306.088
Other current assets	22	41.742.984	42.718.553
<i>(Subtotal)</i>		<i>627.961.612</i>	<i>670.555.105</i>
Non-current Assets or Disposal Groups Classified as Held for Sale	36	862.751	862.751
<b>Non-current assets</b>		<b>3.245.719.784</b>	<b>2.767.407.349</b>
Other receivables	11	75.543.046	61.759.060
Financial Investments	8	4.276.621	7.234.573
Investments accounted for using equity method	18	67.794.872	19.268.403
Investment property	15	414.323.250	374.912.000
Property, plant and equipment	16	754.500.121	563.508.560
Intangible assets and goodwill		1.781.444.960	1.613.302.554
- Goodwill	17	71.533.722	56.242.758
- Other intangible assets	17	1.709.911.238	1.557.059.796
Prepayments	14	43.079.255	32.262.624
Deferred Tax Asset	31	90.248.691	81.901.326
Other Non-current Assets	22	14.508.968	13.258.249
<b>TOTAL ASSETS</b>		<b>3.874.544.147</b>	<b>3.438.825.205</b>

Accompanying notes are an integral part of these consolidated financial statements.

**Global Yatırım Holding A.Ş. and its Subsidiaries**  
**Consolidated Statement of Financial Position as at 31 December 2016**  
*(Currency Turkish Lira ("TL") unless otherwise stated)*

	Notes	Audited 31 December 2016	Audited 31 December 2015
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current Borrowings	9	1.031.798.729	656.306.578
Current Portion of Non-current Borrowings	9	244.383.130	54.094.422
Trade Payables		548.986.815	371.434.904
- Trade Payables to Unrelated Parties	10	94.890.256	83.406.747
Employee Benefit Obligations	21	94.890.256	83.406.747
Other payables		10.007.468	5.717.182
- Other Payables to Related Parties		24.739.703	29.384.179
- Other Payables to Unrelated Parties	11	135.094	317.672
Payables on Financial Sector Operations		24.604.609	29.066.507
- Payables to Unrelated Parties on Financial Sector Operations	12	52.916.021	60.105.886
Derivative Financial Liabilities	33	52.916.021	60.105.886
Deferred income	14	1.409.612	-
Current tax liabilities		15.462.273	10.352.128
Current provisions		6.320.041	5.525.114
- Current provisions for employee benefits	21	12.544.697	8.853.809
- Other current provisions	19	3.265.696	2.478.740
Other Current Liabilities	22	9.279.001	6.375.069
		20.138.713	27.432.207
<i>(Subtotal)</i>		<i>1.031.798.729</i>	<i>656.306.578</i>
<b>Non-current liabilities</b>			
Long term borrowings	9	1.934.432.746	1.807.911.689
Other payables	11	1.465.878.890	1.394.487.213
Liabilities due to Investments Accounted for Using Equity Method	18	14.277.233	11.171.820
Deferred income		566.722	391.687
Derivative Financial Liabilities	33	1.570.136	269.000
Non-current provisions		3.981.186	2.771.205
- Non-current provisions for employee benefits	21	62.247.673	48.723.011
- Other non-current provisions	19	9.960.330	7.497.354
Deferred tax liabilities	31	52.287.343	41.225.657
		385.910.906	350.097.753
<b>EQUITY</b>			
Equity attributable to equity holds of the Group	23	908.312.672	974.606.938
Issued capital		488.533.757	560.703.827
Inflation adjustment on capital		193.500.000	193.500.000
Treasury Shares owned by the company (-)		34.659.630	34.659.630
Share Premium (Discount)		(19.909.777)	(22.143.104)
Other Accumulated Comprehensive Income (Loss) that will not be reclassified in profit or loss		12.387.946	10.430.125
- Other Gains (Losses)		10.950.909	13.050.003
- Gains (Losses) on Remeasurements of Defined Benefit Plans		14.497.128	14.497.128
Other Accumulated Comprehensive Income (Loss) that will be reclassified in profit or loss		(3.546.219)	(1.447.125)
- Exchange Differences on Translation		203.169.998	136.201.483
- Gains (Losses) on Revaluation and Reclassification		537.036.199	327.379.903
- Gains (Losses) on Hedge		(782.901)	(2.072.065)
Restricted Reserves Appropriated From Profits		(333.083.300)	(189.106.355)
Prior Years' Profits or Losses		95.445.951	76.915.357
Current Period Net Profit Or Loss		88.628.591	166.125.876
Non-controlling interests		(130.299.491)	(48.035.543)
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3.874.544.147</b>	<b>3.438.825.205</b>

Accompanying notes are an integral part of these consolidated financial statements.

**Global Yatırım Holding A.Ş. and its Subsidiaries**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year**  
**Ended 31 December 2016**  
*(Currency Turkish Lira ("TL") unless otherwise stated)*

	Notes	Audited	Audited
		1 January- 31 December 2016	1 January- 31 December 2015
<b>PROFIT OR LOSS</b>			
Revenue	24	599.453.940	519.156.894
Cost of revenues (-)	24	(405.715.034)	(372.173.442)
<b>Gross profit/(loss) from trade operations</b>		<b>193.738.906</b>	<b>146.983.452</b>
Revenues from finance operations	24	30.536.415	33.044.358
Cost of revenues from finance operations (-)	24	(4.202.728)	(5.839.297)
<b>Gross profit/(loss) from operations in finance sector</b>		<b>26.333.687</b>	<b>27.205.061</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>220.072.593</b>	<b>174.188.513</b>
Marketing expenses (-)	25	(37.581.463)	(34.861.348)
General administrative expenses (-)	25	(150.598.659)	(113.775.916)
Other operating income	27	14.378.797	38.271.369
Other operating expense (-)	27	(24.278.144)	(48.087.115)
<b>OPERATING PROFIT/(LOSS)</b>		<b>21.993.124</b>	<b>15.735.503</b>
Income from investing activities	28	3.534.737	55.119.963
Expense from investing activities (-)	28	(1.702.363)	(534.957)
Share of profit/(loss) of equity accounted investees	18	7.279.347	2.594.661
<b>PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSE</b>		<b>31.104.845</b>	<b>72.915.170</b>
Finance income	29	34.736.486	34.990.196
Finance expenses (-)	30	(207.596.751)	(182.332.169)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(141.755.420)</b>	<b>(74.426.803)</b>
<b>Income tax credit /(expense)</b>		<b>5.749.423</b>	<b>25.897.350</b>
- Current tax benefit/(expense)	31	(17.969.652)	(18.201.803)
- Deferred tax benefit /(expense)	31	23.719.075	44.099.153
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(136.005.997)</b>	<b>(48.529.453)</b>
<b>Profit/(loss) attributable to</b>		<b>(136.005.997)</b>	<b>(48.529.453)</b>
-Non controlling interests		(5.706.506)	(493.910)
-Owners of the company	32	(130.299.491)	(48.035.543)
<b>Earnings per share</b>	32	<b>(0,7342)</b>	<b>(0,2737)</b>
<b>Diluted earnings per share</b>	32	<b>(0,7342)</b>	<b>(0,2737)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss</b>		<b>(2.099.094)</b>	<b>(682.128)</b>
Gains (Losses) on Remeasurements of Defined Benefit Plans		(2.099.094)	(682.128)
<b>Other Comprehensive Income/Expense to be Reclassified to Profit or Loss</b>		<b>99.944.886</b>	<b>26.611.738</b>
Exchange Differences on Translation		242.632.667	167.309.108
Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	30	(142.687.781)	(140.697.370)
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		<b>97.845.792</b>	<b>25.929.610</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>(38.160.205)</b>	<b>(22.599.843)</b>
<b>Total comprehensive income/(loss) attributable to</b>		<b>(38.160.205)</b>	<b>(22.599.843)</b>
Non-controlling interests		27.269.865	2.712.330
Owners of the company		(65.430.070)	(25.312.173)

Accompanying notes are an integral part of these consolidated financial statements.



**Global Yatırım Holding A.Ş. and its Subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2016**  
*(Currency Turkish Lira ("TL") unless otherwise stated)*

	Retained Earnings														
	Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss				Other Comprehensive Income/Expense to be Reclassified to Profit or Loss				Restricted Reserves Appropriated From Profits	Net Profit/(Loss) For the Period	Prior Years' Profit or Loss	Equity Attributable to the Owners of the Company	Non-Controlling Interest	Total	
	Gains (Losses) on Revaluations and Remeasurements of Defined Benefit Plans	Other Reserves Of Other Gains (Losses)	Gains on revaluations and re-measurement	Other Gains or Losses on Hedge	Exchange Differences on Translation	Share premiums or discounts	Treasury Shares owned by the Company	Issued Capital							Losed Capital
<b>Balance at 1 January 2015</b>	64,997	14,971	2,074,533	(48,733,463)	161,277,655	132,421,965	(72,489,897)	77,979,155	438,634,140	284,593,473	41,211,936				
<b>Total comprehensive income</b>															
Other Comprehensive Income (Loss)	(82,123)	-	(64,500)	(440,623,570)	164,102,868	-	-	-	22,723,279	3,206,249	25,929,610				
Profit (Loss)	-	-	-	-	-	-	(48,035,541)	-	(48,035,541)	(493,970)	(48,529,511)				
Capital Increase	(8,711,922)	13,079,257	-	-	-	(1,079,257)	-	10,711,922	-	-	-				
Acquisition of 10% of a Subsidiary (Note 1)	-	-	(1,761,749)	(112)	-	5,396,202	-	102,301,923	165,948,266	136,139,320	242,255,565				
Increase (Decrease) through Treasury Share Transactions	-	14,157,205	2,297,967	-	-	(14,157,205)	-	14,157,205	24,452,272	(2,721,464)	18,731,778				
Dividends Paid	-	-	-	-	-	-	-	1,413,301	-	(6,998,518)	(6,998,518)				
Transfers	-	-	-	-	-	-	-	(35,072,679)	72,489,897	(37,411,123)	-				
<b>Balance at 31 December 2015</b>	193,500,000	34,659,639	(21,410,104)	(1,471,115)	14,971,128	(2,074,064)	(189,166,355)	372,797,400	76,915,357	166,125,876	500,703,227	413,901,111	974,066,638		
<b>Balance at 1 January 2016</b>	193,500,000	34,659,639	(21,410,104)	(1,471,115)	14,971,128	(2,074,065)	(189,166,355)	372,797,400	76,915,357	166,125,876	500,703,227	413,901,111	974,066,638		
<b>Total comprehensive income</b>															
Other Comprehensive Income (Loss)	-	-	-	(2,099,064)	-	1,209,164	(43,976,945)	209,650,706	-	-	64,809,421	32,970,371	97,845,792		
Increase (Decrease) through Treasury Share Transactions	-	-	2,233,217	-	-	(2,233,217)	-	-	(2,233,217)	-	3,240,001	-	3,240,001		
Profit (Loss)	-	-	-	-	-	-	-	-	(119,299,491)	-	(119,299,491)	5,706,506	(138,065,977)		
Dividends Paid	-	-	-	-	-	-	-	-	20,763,921	-	(10,000,000)	21,394,061	(1,244,062)		
Transfers	-	-	-	-	-	-	-	-	-	48,035,541	(48,035,541)	-	-		
<b>Balance at 31 December 2016</b>	193,500,000	34,659,639	(19,999,777)	(3,562,119)	14,971,128	(782,901)	(331,083,200)	537,066,109	95,165,951	(119,299,491)	488,628,291	488,533,537	906,312,672		

The detailed explanations related to equity items are presented in Note 23.

Accompanying notes are an integral part of these consolidated financial statements.

**Global Yatırım Holding A.Ş. and its Subsidiaries**  
**Consolidated Statement of Cash Flows for the year ended 31 December 2016**  
*(Currency Turkish Lira ("TL") unless otherwise stated)*

		Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
Profit (Loss)		(136.005.997)	(48.529.453)
Adjustments for Depreciation and Amortisation Expense	26	161.159.003	137.373.472
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	3.758.961	287.394
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(7.279.347)	(2.594.661)
Adjustments for (Reversal of) Other Provisions		1.771.007	(429.224)
Adjustments for Interest Income		(17.545.193)	(13.952.394)
Adjustments for Interest expense		156.223.934	128.366.226
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(1.273.325)	86.000
Adjustments for Tax (Income) Expenses		(5.749.423)	(25.897.350)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(1.189.856)	1.054.371
Other adjustments for which cash effects are investing or financing cash flow		57.001.795	80.997.779
Adjustments for Fair Value Losses (Gains) of Investment Property		(1.374.719)	(53.563.005)
Other Adjustments to Reconcile Profit (Loss)		7.304.349	12.513.666
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>216.801.189</b>	<b>215.712.821</b>
Decrease (increase) in Financial Sector Receivables		26.993.146	48.834.063
Decrease (increase) in Other Unrelated Party Receivables Related with Operations		(4.505.518)	(19.951.423)
Adjustments for Decrease (Increase) in Inventories		(21.176.768)	(10.313.901)
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		8.468.364	5.956.902
Increase (decrease) in Payables due to Finance Sector Operations		(7.189.865)	(18.267.344)
Increase (Decrease) in Employee Benefit Liabilities		5.077.242	1.224.231
Increase (Decrease) in Deferred Income		(1.453.630)	14.675.186
Decrease (Increase) in Other Assets Related with Operations		(28.063.292)	(41.131.687)
Increase (Decrease) in Other Payables Related with Operations		(6.150.642)	5.841.305
Dividends Received		577.475	429.473
Interest Paid		(4.180.122)	(3.937.274)
Interest Received		7.979.100	7.739.125
Payments Related with Provisions for Employee Benefits		(2.396.296)	(425.295)
Income Taxes Refund (Paid)		(17.535.025)	(20.145.968)
<b>Changes in Working Capital</b>		<b>173.245.358</b>	<b>186.240.214</b>
Proceeds from Sales of Property, Plant and Equipment	16	7.327.345	1.217.542
Proceeds from Sales of Intangible Assets	17	704.211	-
Purchase of Property, Plant and Equipment	16	(169.733.844)	(86.492.935)
Purchase of Intangible Assets	17	(4.600.380)	(9.976.666)
Cash Outflows from Acquisition of Investment Property	15	-	(71.780.760)
Paybacks from Other Cash Advances and Loans Made to Other Parties		(13.747.820)	(11.186.817)
Interest Received		7.892.106	5.596.993
Other Inflows (Outflows) of Cash		5.222.860	1.447.113
Cash Outflows from Purchase of Additional Shares of Subsidiaries		(7.676.142)	(97.183.357)
Cash Inflows Caused by Share Sales or Capital Decrease of Associates and / or Joint Ventures		-	3.200.000
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(31.216.616)	-
<b>Cash Flows from (used in) Investing Activities</b>		<b>(205.828.280)</b>	<b>(265.158.887)</b>
Cash Inflows from Sale of Acquired Entity's Shares		3.260.001	21.455.272
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		-	165.726.900
Proceeds from Loans		396.520.012	349.758.071
Proceeds From Issue of Debt Instruments		135.000.000	110.000.000
Loan Repayments		(222.102.004)	(257.028.520)
Payments of Issued Debt Instruments		(160.000.000)	(75.000.000)
Decrease in Other Payables to Related Parties		(20.626.077)	(7.277.104)
Dividends Paid		(21.394.061)	(6.998.518)
Interest Paid		(163.718.132)	(114.352.034)
Other Inflows (Outflows) of Cash		3.687.898	(42.264.345)
<b>Cash Flows from (used in) Financing Activities</b>		<b>(49.372.363)</b>	<b>144.019.722</b>
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		(81.955.285)	65.101.049
Effect of Exchange Rate Changes on Cash and Cash Equivalents		6.396.503	10.788.744
Net Increase (Decrease) in Cash and Cash Equivalents		(75.558.782)	75.889.793
Cash and Cash Equivalents at the Beginning of the Period	7	236.503.075	160.613.282
Cash and Cash Equivalents at the End of the period	7	160.944.293	236.503.075

Accompanying notes are an integral part of these consolidated financial statements.

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

### As at and for the Year Ended 31 December 2016

*Currency Turkish Lira ("TL") unless otherwise stated*

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#### **1 ORGANIZATION AND NATURE OF BUSINESS**

Global Yatırım Holding A.Ş. ("Global Yatırım Holding", "Global Holding", "GYH" or "the Company") was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in İstanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity to restructured itself as a holding company. As part of its restructuring, on 2 October 2004, a new company, named Global Menkul Değerler A.Ş. was established by through a partial de-merger in accordance with under Turkish legislation law and 99,99% of its shares were owned by the Company. All of the Company's brokerage activities were transferred to this new company. The main operation of the Company's primary purpose is to participate invest in the capital and participate in the management of companies that operate or will operate in the fields of brokerage and asset management (formerly named as "financial services"), naturel gas/mining/energy generation (formerly named as "energy") , port operations (formerly named as "infrastructure") and real estate development sectors, and to minimize the volatility of its investments against economic fluctuations by handling managing the capital expenditure, financing, organization and administration of those its investment companies within portfolio, while contributing to such companies the achievngement of sustainable growth and ensuring the going concern of those such companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding, its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2016, the number of employees of the Group is 1.411 (31 December 2015: 1.424).

The Group is registered with the Capital Market Board ("CMB") and its shares have been traded on the Borsa İstanbul ("BIST") since May 1995 (from May 1995 to 1 October 2004, the company traded as "Global Menkul Değerler A.Ş.").

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

99,99% of the shares of the Company are listed on the BIST.

The Company's shareholding structure is presented in Note 23.

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

Currency Turkish Lira ("TL") unless otherwise stated

### 1 ORGANIZATION AND NATURE OF BUSINESS (continued)

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

<u>Subsidiaries</u>	<u>Location</u>	<u>Operations</u>
Global Menkul Değerler A.Ş. (Global Menkul) (1)	Turkey	Brokerage
Global Financial Products Ltd. (GFP)	Cayman Islands	Financial Investments
Global Sigorta Aracılık Hizmetleri A.Ş. (Global Sigorta)	Turkey	Insurance Agency
Global Liman İşletmeleri A.Ş. (Global Liman)	Turkey	Port Operations
Ege Global Madencilik San. ve Tic. A.Ş. (Ege Global)	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim A.Ş. (Mavi Bayrak)	Turkey	Energy Generation
Salıhpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. (Salıhpazarı)	Turkey	Construction Investments
Güney Madencilik İşletmeleri A.Ş. (Güney)	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. (Neptune)	Turkey	Maritime Investments
Tenera Enerji Tic. A.Ş. (Tenera)	Turkey	Electricity Generation and Natural Gas Trade
Vespa Enterprises (Malta) Ltd. (Vespa)	Malta	Tourism Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (Pera)	Turkey	Real Estate Investments
Tora Yayıncılık A.Ş. (Tora)	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. (Global Enerji)	Turkey	Electricity Generation
Dağören Enerji A.Ş. (Dağören) (15)	Turkey	Electricity Generation
Ege Liman İşletmeleri A.Ş. (Ege Liman) (4)	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. (Bodrum Liman) (4)	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. (Ortadoğu Liman) (4)	Turkey	Port Operations
Sem Yayıncılık A.Ş. (Sem) (5)	Turkey	Publishing
Maya Turizm Ltd. (Maya Turizm) (6)	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. (Galata Enerji) (2) (12)	Turkey	Electricity Generation
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş. (Doğal Enerji)(15)	Turkey	Electricity Generation
Global Depolama A.Ş. (4)	Turkey	Storage
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Randa Denizcilik San. ve Tic. Ltd. Şti. (Randa) (8)	Turkey	Marine Vehicle Trade
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. (Ra Güneş) (10) (15)	Turkey	Electricity Generation
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş. (Tres Enerji) (15)	Turkey	Energy Generation
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (Straton)	Turkey	Mining
Adonia Shipping Limited	Malta	Ship Management
Naturel gaz Sanayi ve Tic. A.Ş. (Naturel gaz)	Turkey	Compressed Natural Gas Sales
Container Terminal and General Cargo – Bar (Port of Bar) (4)	Montenegro	Port Operations
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. (Geliş Madencilik) (11) (12)	Turkey	Mining
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. (Global Gemicilik) (13)	Turkey	Maritime Investments
Cruers del Port de Barcelona, S.A. ("Barcelona Port") (14) (4)	Spain	Port Operations
Cruceros Malaga, S.A. ("Malaga Port") (14) (4)	Spain	Port Operations
Barcelona Port Investments, S.L. ("BPI") (14) (4)	Spain	Port Operations
Valetta Cruise Port PLC ("VCP") (7) (4)	Valetta-Malta	Port Operations
Perquisite Holdings Ltd. ("Perquisite") (4)	Malta	Port Operations
Global Ports Europe B.V. ("Global BV") (4)	Spain	Port Operations
Global Ports Malta Ltd. ("GP Malta")(4)	Malta	Port Operations
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. (15)	Turkey	Energy Generation
Global Ticari Emlak Yatırımları A.Ş. (16)	Turkey	Real Estate Investments
Vinte Nova (17)	Cayman Islands	Financial Investments

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

Currency Turkish Lira ("TL") unless otherwise stated

### 1 ORGANIZATION AND NATURE OF BUSINESS (continued)

<u>Subsidiaries</u>	<u>Location</u>	<u>Operations</u>
Actus Portföy Yönetimi A.Ş. (9)	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş. (3)	Turkey	Brokerage
Mavi Bayrak Doğu Enerji Üretim A.Ş. (12)	Turkey	Energy Generation
Edusa 1 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Edusa 2 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Edusa 3 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Edusa 4 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Morita 1 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Morita 2 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Morita 3 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Morita 4 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Sentinus 1 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Sentinus 2 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Sentinus 3 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Sentinus 4 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Taranis 1 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Taranis 2 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Taranis 3 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Taranis 4 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Vipasana 1 Enerji San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Ravi Güneş Enerjisi Üretim ve San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Consus Energy BV	Netherland	Energy Generation
Aristaeus Limited	Malta	Financial Investments
Port Operation Holding S.r.l (19)	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Evergas Doğalgaz İthalat ve Tic. A.Ş. (20)	Turkey	Naturel gas Sales
Ardus Gayrimenkul Yatırımları A.Ş. (21)	Turkey	Real Estate Investments

- (1) In 2011 as a result of the sale of its shares through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares the Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011 and 75,67 % as at 31 December 2012. As at 31 December 2016, the Group's effective ownership rate in this company is 77,43%. (31 December 2015 : 77,43%)
- (2) This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.
- (3) Global MD Portföy Yönetimi A.Ş. (formerly named as "Eczacıbaşı Portföy Yönetimi A.Ş.") was purchased by Global Menkul on 1 June 2015 and consolidated to Global Menkul.
- (4) These companies are consolidated to Global Liman.
- (5) This company is consolidated to Tora.
- (6) The control of this company, the joint venture of Pera and Vespa, belongs to the Group and is consolidated to the Group.
- (7) The Group has acquired 55,60% of shares of VCP on 30 November 2015 and has started to include in the scope of consolidation as of 31 December 2015.
- (8) This company was purchased by Global Liman, a subsidiary of the Group, on 17 February 2011 for a price amounting to Euro 10.000. This company is inactive and its financial statements are immaterial in the consolidated financial statements, so as at 31 December 2016 and 31 December 2015 it is excluded from the scope of consolidation (Note 2.1.f).

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

Currency Turkish Lira ("TL") unless otherwise stated

### 1 ORGANIZATION AND NATURE OF BUSINESS (continued)

- (9) The Company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş., which operates in the finance sector (formerly named was "Polsan Portföy Yönetimi A.Ş."), on 17 April 2015.
- (10) This company was established in 27 November 2012 and consolidated to Consus Enerji.
- (11) As of 3 October 2013, Global Enerji, a subsidiary of the Group, completed the acquisition of 85% of the shares of Geliş Madencilik Enerji İnşaat Ticaret A.Ş (Geliş Madencilik) with respect to the transaction Geliş Madencilik has been included in the scope of consolidation. As at 8 September 2014, 85 % of shares of Geliş Madencilik were transferred to Vinte Nova.
- (12) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015. The Company operates in energy generation sector.
- (13) This company was established in 13 May 2014. As at 31 December 2016 and 31 December 2015, it is excluded from the scope of consolidation since its financial statements are immaterial in the consolidated financial statements (Note 2.1.f).
- (14) Global Liman acquired 43% of shares Creuers del Port de Barcelona S.A ("Creuers") which has majority shares of Malaga Cruise Port and minority shares of Singapore Cruise Port through Barcelona Port Investments, S.L ("BPI") established in partnership with Royal Caribbean Cruises Ltd. and recognized the transaction as equity accounted investee in the consolidated financial statements as at 31 December 2013. These companies have been consolidated as subsidiaries after the acquisition processes completed as 30 September 2015.
- (15) This company was established on 28 August 2014. Consus Enerji has acquired 87,5 % of shares of Tres Enerji, 75 % of shares of Ra Güneş, 70 % of shares of Dağören and 100 % of shares of Doğal Enerji held by Global Enerji (a subsidiary of the Group) and these companies are consolidated to Consus Enerji as of reporting date.
- (16) This company was established on 20 August 2014. The company operates in real estate investment sector.
- (17) This company has been included in the scope of consolidation as at 30 September 2014 and acquired 85 % of shares of Geliş Madencilik held by Global Enerji on 8 September 2014.
- (18) These companies were established by the Group to operate in energy generation sector in 2015. As at 31 December 2016 these companies are excluded from the scope of consolidation since its financial statements are immaterial in the consolidated financial statements.
- (19) Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 71% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 62% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.
- (20) This company has been included in the scope of consolidation as at 31 December 2016 and operates in import and trade of natural gas.
- (21) This Company has been established through a partial division from GYH to coordinate real estate projects under this company.

**Global Yatırım Holding A.Ş. And its Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**As at and for the Year Ended 31 December 2016**

*Currency Turkish Lira ("TL") unless otherwise stated*

**1 ORGANIZATION AND NATURE OF BUSINESS (continued)**

<u>Investments in associates</u>	<u>Location</u>	<u>Operations</u>
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG) (1)	Turkey	Corporate Fin. Consulting
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon") (2)	Portugal	Port Operations
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore") (3)	Singapore	Port Operations
Venezia Investimenti Srl (4)	Italy	Port Operations
Axel Corporation Grupo Hotelero, S.L. (5)	Spain	Tourism Investments
La Spezia(6)	Italy	Port Operations

(1) This company has been established on 17 May 2011 with a 50 % - 50 % shareholding structure by Global Menkul, a subsidiary of the Group, and IEG (Deutschland) GmbH, as a prominent company in corporate finance sector in Europe. As at the balance sheet date, this company was consolidated by equity accounting method (Note 18).

(2) Global Liman signed concession agreement on 18 July 2014 via a consortium comprising of Global Liman, RCCL, Creuers and Grupo Sousa Investimentos SGPS.

With in the scope of the concession, Global Liman completed the transactions of transferring Lisbon Cruise Terminal to LCT-Lisbon Cruise Terminal called LDA physically on 26 August 2014 and Lisbon Cruise Terminal has been consolidated as equity accounted investee as at 30 September 2014. Lisbon Cruise Terminal has capacity of two million of passengers and area of 16.618,9 square meters including a closed area of 13.000 square meters and open areas. Lisbon Cruise Terminal is totally 1.425 meters long.

(3) Barcelona Port Investments, S.L ("BPI") which was established in partnership with Global Liman and Royal Caribbean Cruises Ltd. acquired majority shares of Barcelona Port and Malaga Cruise Port and minority shares of Singapore Cruise Port as at 30 September 2014. Regarding with the acquisition, Singapore Cruise Port has been consolidated by equity accounting method.

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

*Currency Turkish Lira ("TL") unless otherwise stated*

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### **1 ORGANIZATION AND NATURE OF BUSINESS (continued)**

- (4) Global Liman, a subsidiary of the Group, has founded Venezia Investimenti Srl, which operates the Port of Venezia ("Venezia Terminal Passegeri S.p.A (VTP)") through a Joint Venture Group with Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd, each of which will have a 25% stake. As of July 19, 2016, the international consortium, which is a member of Global Ports Operations, has become indirectly 44.48% of VTP with Finpax shares previously acquired.

VTP, located in a total area of more than 260.000 sqm, operates in Marittima, S.Basilio and Rivadei Sette Martiri terminals in the size of 47.267 m<sup>2</sup>. The terminals are in a strategic and important position not only because of the unique structure of Venice, but also because of its location and its location providing easy access to the city and all tourist attractions surrounding Venice. Thanks to its geographical location and good connections with the rest of Europe, Venice Cruise Port is among the "most important main ports of Europe" with annual passenger traffic of about 1.6 million.

- (5) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.
- (6) Global Liman has acquired 28,5% minority shares of La Spezia Cruise Facility Srl (operating La Spezia Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.



**Global Yatırım Holding A.Ş. And its Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**As at and for the Year Ended 31 December 2016**  
*Currency Turkish Lira ("TL") unless otherwise stated*

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of Preparation**

**(a) Basis of Preparation of Financial Statements**

As at 31 December 2016, the accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communiqué "Principles of Financial Reporting in Capital Markets" ("Communiqué") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 have been approved by Board of Directors on 13 March 2017. The General Assembly of the Company have the right to modify the issued financial statements.

**(b) Preparation of Financial Statements in Hyperinflationary Economies**

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements.

**(c) Basis of measurement**

The consolidated financial statements are prepared in TL based on historical cost except for financial instruments, investment property and derivatives measured at fair value.

The methods used for measuring fair value are explained in Note 2.5.

**(d) Functional and Presentation Currency**

The presentation and functional currency of the Company is Turkish Lira (TL).

US Dollar is significantly used in the operations of the subsidiaries Global Ticari Emlak, GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Mavi Bayrak Doğu and Ortadoğu Liman, and has a significant effect on the operations. Therefore, US Dollar has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Euro is significantly used in the operations of the subsidiaries; Port of Bar, Adonia Shipping, Ege Liman, Bodrum Liman, Straton Maden, BPI, VCP, Global BV, Port Operation Holding S.r.l., Ravenna Terminali Passegeri S.r.l., Cagliari Terminali Passegeri S.r.l., Catania Terminali Passegeri S.r.l., Aristeus, Barcelona Port and Malaga Cruise Port. Therefore, Euro has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

## Global Yatırım Holding A.Ş. And its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

Currency Turkish Lira ("TL") unless otherwise stated

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 2.1 Basis of Preparation *(continued)*

#### Change in Foreign Functional Currency

The subsidiaries of the Group, Bodrum Liman and Ege Liman, their functional currency had been decided as Euro based due to changes in its operation structure and economic environment starting from the year of 2016.

The subsidiaries of the Group, Doğal Enerji, Mavi Bayrak Enerji and Mavi Bayrak Doğu, their functional currency had been decided as USD based due to changes in its operation structure and economic environment starting from the year of 2016.

As at 31 December 2016 and 31 December 2015, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2016	31 December 2015
USD	3,5192	2,9076
Euro	3,7099	3,1776

#### (e) Netting/Offsetting

The Group's financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### (f) Basis of Consolidation

As at 31 December 2016 and 2015, the consolidated financial statements include the financial statements of the subsidiaries and associates of Global Yatırım Holding A.Ş.

#### (i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

## **Global Yatırım Holding A.Ş. And its Subsidiaries**

### **Notes to the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2016**

*Currency Turkish Lira ("TL") unless otherwise stated*

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#### **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

##### **2.1 Basis of Preparation (continued)**

###### **(f) Basis of Consolidation (continued)**

###### **(ii) Subsidiaries**

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses in non-controlling interest of subsidiaries are transferred to non controlling interest even if the result is negative.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus of deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Preparation (continued)**

**(f) Basis of Consolidation (continued)**

**(ii) Subsidiaries (continued)**

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2016 and 2015 for all subsidiaries directly or indirectly controlled by the Group and included in the scope of consolidation:

	Effective ownership rates		Voting power held	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Global Menkul Değerler A.Ş.	77,43	77,43	77,43	77,43
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Global Liman İşletmeleri A.Ş. (Note 24)	89,00	89,00	89,00	89,00
Ege Liman İşletmeleri A.Ş.	64,64	64,64	64,64	64,64
Bodrum Liman İşletmeleri A.Ş.	53,50	53,50	53,50	53,50
Ortadoğu Antalya Liman İşletmeleri A.Ş.	89,16	89,16	89,16	89,16
Ege Global Madencilik San.ve Tic. A.Ş.	85,00	85,00	85,00	85,00
Salıpazarı İnşaat Sanayi ve Ticaret A.Ş.	100,00	100,00	100,00	100,00
Güney Maden İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Doğu Maden İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tenera Enerji Tic. A.Ş.	100,00	100,00	100,00	100,00
Vespa Enterprises (Malta) Ltd.	100,00	100,00	100,00	100,00
Maya Turizm Ltd.	75,00	75,00	75,00	75,00
Galata Enerji Üretim ve Ticaret A.Ş.	85,00	85,00	85,00	85,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Torn Yayincılık A.Ş.	100,00	100,00	100,00	100,00
Sem Yayincılık A.Ş.	65,00	65,00	65,00	65,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	50,00	50,00	50,00	50,00
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Global Depolama A.Ş.	89,16	89,16	89,16	89,16
Sümerpark Gıda İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Naturel gaz Sanayi ve Tic. A.Ş.	80,00	80,00	80,00	80,00
Adonia Shipping Limited	100,00	100,00	100,00	100,00
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	85,00	85,00	85,00	85,00
Vinte Nova	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	87,50	75,00	87,50	75,00
Actus Portföy Yönetimi A.Ş.	90,10	90,10	90,10	90,10
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	75,00	75,00	75,00	75,00
Mavi Bayrak Doğu Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Mavi Bayrak Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Global MD Portföy Yönetimi A.Ş.	77,00	77,00	77,00	77,00
Aristaeus Limited	100,00	-	100,00	-
Evergas Doğalgaz İthalat ve Ticaret A.Ş.	100,00	-	100,00	-
Ravi Güneş Enerjisi Üretim ve Sanayi Tic. A.Ş.	100,00	100,00	100,00	100,00
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Global Ticari Emlak Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. (Ra Güneş)	75,00	75,00	75,00	75,00
Container Terminal and General Cargo – Bar	56,88	56,88	56,88	56,88
Barcelona Port Investments, S.L. ("BPI") (Note 3)	55,28	55,28	55,28	55,28
Creuers (Note 3)	55,28	55,28	55,28	55,28
Crueros Malaga, S.A. ("Malaga Cruise Port")	44,22	44,22	44,22	44,22
Global BV	89,16	89,16	89,16	89,16
VCP (Note 3)	49,57	49,57	49,57	49,57
Perquisite Holdings Ltd.	89,16	89,16	89,16	89,16
Global Ports Malta Ltd.	89,16	89,16	89,16	89,16
Ravenna Terminali Pasajgeri S.r.l.	47,85	-	47,85	-
Caqliani Terminali Pasajgeri S.r.l.	63,21	-	63,21	-
Catania Cruise Terminal S.r.l.	55,47	-	55,47	-
Port Operation Holding S.r.l.	89,16	-	89,16	-

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#### **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

##### **2.1 Basis of Preparation (continued)**

##### **(f) Basis of Consolidation (continued)**

##### *(iii) Non controlling interest*

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

##### *(iv) Under common control transactions*

Transactions arising from transferring or acquisition shares of entities under the common control are recognised as at the beginning of the period in which the transaction accrued. Comparative periods are restated for that purpose. Acquired assets and liabilities are recognised at book value which is the same as recorded book value in under common control entity's financial statements. Shareholder's equity items of entities under common control are recognized in equity of the Group except for capital and current profit or loss is recognised in equity.

##### *(v) Transactions with non-controlling interest*

The Group applies a policy of treating transactions with minority 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.

## Global Yatırım Holding A.Ş. And its Subsidiaries

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## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 2.1 Basis of Preparation *(continued)*

#### (f) Basis of Consolidation *(continued)*

##### (vi) *Joint ventures and associates (continued)*

Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are accounted for using the equity accounting method.

The Group's associates are accounted under equity accounting method in the accompanying consolidated financial statements. Under the equity accounting method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate or joint venture subsequently reports profits, the share of the profits, only after its share of losses not recognized, is recognized in the financial statements.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2016 and 2015 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
IEG	39,00	39,00	50,00	50,00
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon")	41,19	41,19	50,00	50,00
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore")	22,11	22,11	40,00	40,00
Venezia Investimenti Srl	22,29	-	25,00	-
Axel Corporation Grupo Hotelero, S.L.	15,00	-	15,00	-
La Spezia Cruise Facility S.c.a.r.l	25,41	-	30,00	-

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

##### 2.1 Basis of Preparation *(continued)*

###### (f) Basis of Consolidation *(continued)*

###### (vii) *Equity Securities*

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less permanent impairment losses disclosed as available for sale financial assets at consolidated financial statements.

As at 31 December 2016 Randa and Global Gemicilik in which the Group has effective ownership interests of 99,9% (31 December 2015: 99,9%) and 90%, respectively , Consus Energy BV in which the Group has effective ownership interests of 100% and 17 energy companies which explained in Note 1.18 in detail with an effective ownership interests of 100 % which are immaterial to the consolidated financial statements are disclosed as available for sale financial assets carried at cost less any impairment losses.

###### (viii) *Consolidation adjustments*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kinds of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

###### (ix) *Functional and Presentation Currency*

All items in the financial statements of Group companies has been accounted in the currency of the primary economic environment in which they operate. The consolidated financial statements are presented under Turkish Lira ("TL") which is Company's functional currency.

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2016

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.2 Statement of Compliance to TAS**

The accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1, in compliance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") the supplementary information and the interpretations related to them.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The TMS Taxonomy of 2016 developed on the basis of Article 9 (b) of Decree Law No. 660 was approved by the Board decision dated 2 June 2016 and numbered 30 in order to ensure that the financial statements conforming to TMS are shared with users in the format of "Extensible Enterprise Reporting Language". This TMS taxonomy has been taken into account accompanying financial statements.

The Company (and its subsidiaries registered in Turkey) is based on the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey for the accounting records and preparation of statutory financial statements.

### **2.3 Changes in Accounting Policies**

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance.

#### **Restatements of prior periods financial statements**

As at 31 December 2015, the receivables amounting to TL 5.029.659, disclosed in "other receivables from related parties", is reclassified to "other receivables" in comparative financial statements. In addition, other current assets amounting to TL 4.362.300 reclassified to non-current prepayments in comparative financial statements.

These classifications have no effect on profit or loss and other comprehensive income statements.



# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

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### 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.3 Changes in Accounting Policies (continued)

##### New and Revised Turkish Accounting Standards

a) Amendments to TAS affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b) New and revised TAS applied with no material effect on the consolidated financial statements

Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to TFRS 11 and TFRS 1 Annual Improvements to 2011-2013 Cycle	<i>Accounting for Acquisition of Interests in Joint operations</i> <sup>1</sup> <i>TFRS 1</i> <sup>2</sup>
Amendments to TAS 1 Annual Improvements to 2012-2014 Cycle	<i>Disclosure Initiative</i> <sup>2</sup> <i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> <sup>2</sup>
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
TFRS 14	<i>Regulatory Deferral Accounts</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

#### **Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

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

## **Global Yatırım Holding A.Ş. And its Subsidiaries**

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.3 Changes in Accounting Policies (continued)**

#### **New and Revised Turkish Accounting Standards (continued)**

#### **b) New and revised TAS applied with no material effect on the consolidated financial statements (continued)**

#### **Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants**

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

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

#### **Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations**

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

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

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

#### **Annual Improvements 2011-2013 Cycle**

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

#### **Amendments to TAS 1 Disclosure Initiative**

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

#### **Annual Improvements 2012-2014 Cycle**

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

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

**TAS 34:** Clarify the meaning of ‘elsewhere in the interim report’ and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

## **Global Yatırım Holding A.Ş. And its Subsidiaries**

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.3 Changes in Accounting Policies (continued)**

#### **New and Revised Turkish Accounting Standards (continued)**

- b) New and revised TAS applied with no material effect on the consolidated financial statements (continued)

#### **Amendments to TAS 27 *Equity Method in Separate Financial Statements***

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

#### **Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

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

#### **Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception***

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

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

#### **TFRS 14 *Regulatory Deferral Accounts***

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

TFRS 14 also led to amendments in related provisions of TFRS 1.

# Global Yatırım Holding A.Ş. And its Subsidiaries

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### 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.3 Changes in Accounting Policies (continued)

##### New and Revised Turkish Accounting Standards (continued)

##### c) New and revised TAS in issue but not yet effective

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

TFRS 9	<i>Financial Instruments</i> <sup>1</sup>
TFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

##### **TFRS 9 *Financial Instruments***

TFRS 9, issued by Public Oversight Authority ("POA") in 2010, introduces new requirements for the classification and measurement of financial assets. TFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

TFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted unless before 1 February 2015.

##### **TFRS 15 *Revenue from Contracts with Customers***

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

The five steps in the model are as follows:

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

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

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies**

#### **(a) Revenues**

##### *(i) Service and commission revenue*

The Group receives commissions for providing services with brokerage services and asset management services, and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period. Other service and commission revenues comprised of interest received from customers, portfolio management commissions and other commissions and consultancy services and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period.

##### *(ii) Portfolio management fees*

Fees charged for management of customer portfolios at capital markets are recognized as income at the end of each month.

##### *(iii) Gain on trading of securities*

Gains / losses on trading of securities are recognized in profit or loss at the date of the related purchase/sale order.

##### *(iv) Natural gas sales*

Revenues from the sales of compressed natural gas comprise the revenues from the sales to individual and corporate subscribers. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the subscribers and natural gas has been consumed by the related subscriber. The Group accounts deferred sales which part is not used by the subscribers as deferred compressed natural gas revenue in other deferred income. Deferred sales are recognized as revenue as compressed natural gas is consumed by the subscriber. Net sales revenue is disclosed less sales returns.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

**2.5 Summary of Significant Accounting Policies** *(continued)*

**(a) Revenues** *(continued)*

*(v) Port administration revenues and port rent income*

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

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

*(vi) Other service revenues*

Rent income is accounted for on accrual basis, interest income is accounted for using effective interest method and dividend income is recognized on the date the Group's right to receive the payment is established.

*(vii) Mining revenues*

Revenues from mining are measured by fair value after deducting received payment or repayments and discounts of receivable. Mining sales are recognized by fair value of received or possible payment on accrual basis in the situation that delivery of product or service of product, transfer of risk and benefit of product, reliably determination of income of product and transfer of economical use of product to the Group are possible.

*(viii) Other revenues*

Other service revenues and other sales are transferred to the consolidated statement of profit or loss and comprehensive income on accrual basis.

Revenues from real estates and expenses from investment properties resulted from reflecting expenses to lessees are recognized as rent and service revenue of real estates in the consolidated statement of profit or loss and other comprehensive income.

## **Global Yatırım Holding A.Ş. And its Subsidiaries**

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#### **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

##### **2.5 Summary of Significant Accounting Policies (continued)**

###### **(b) Expenses**

Expenses are accounted for on accrual basis. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

###### *Interest expenses*

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

###### **(c) Inventories**

###### *(i) Inventories*

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

###### *(ii) Trading property*

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost at balance sheet date and net realizable value. Net realizable value represents the fair value less costs to sell. Borrowing costs directly attributable to the trading properties in progress are included in the cost of the trading property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. The duration of the completion of these trading properties is over one year and it varies from project to project.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(d) Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.



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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(e) Property, Plant and Equipment**

##### *(i) Recognition and measurement*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;

Any other costs directly attributable to bringing the assets to a working condition for their intended use;

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

- Capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses.

Property, plant and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(e) Property, Plant and Equipment**

*(ii) Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

*(iii) Depreciation*

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another 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. The depreciation rates used by the Group are as follows:

Buildings	2%-25%
Land improvements	3,38%-4,49%
Machinery and equipment	5%-25%
Motor vehicles	25%
Furniture and fixtures	33,33%
Leasehold improvements	3,33%-33,33%

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

**(f) Intangible Assets**

*(i) Recognition and measurement*

Intangible assets comprise port operation rights, royalty and natural gas selling and transmission licenses, contract-based customer relationships, development costs, computer software, and the hydroelectric power plant ("HEPP") license, Vakıf Han building usage rights, other rights and other intangible assets.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2005 are stated at cost less accumulated amortization and permanent impairment losses.

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

In a business combination or acquisition, the acquirer recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in TAS 38 Intangible Assets and its fair value can be measured reliably.

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### 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of Significant Accounting Policies (continued)

##### (f) Intangible Assets (continued)

###### (i) Recognition and measurement (continued)

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

###### (ii) Royalty agreements

As explained in Note 3 , The Group has acquired port operation right of Barcelona Port until 2047. Under the terms of license agreement within the scope of TFRIC 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. The Group recognises and measures revenue in accordance with TAS 11 "Construction Contracts" and TAS 18 "Revenue" for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The Group applies TAS 11 for the revenue and costs relating to construction or upgrade services and TAS 18 for the revenue and costs relating to operation services.

Amortization is recognized in profit or loss as depreciation and amortization expenses under cost of sales, by using straight-line method over the license period until 2047 licence term.

###### (iii) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	2%-8,33%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
HEPP license	2,01%
Natural gas selling and transmission license (**)	3,33%
Royalty licence (***)	10%

(\*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman, by 2019 for Bodrum Liman, by 2043 for Port of Bar, by 2047 Barcelona Port, by 2066 Malta Port and by 2044 Malaga Port.

(\*\*) The licenses of Naturalgaz include the compressed natural gas (CNG) sales licences in İzmir, Bursa, Bursa-2, Adapazarı, Antalya, Konya, Afyon, Aydın, Bolu, Osmaniye, Kayseri, Rize, Düzce, Kocaeli and Çorlu regions as well as the CNG transmission license. The CNG transmission license and the CNG sales licenses in Bursa, Antalya and Adapazarı have been obtained by Naturelgaz in 2005 whereas the CNG sales license in İzmir has been obtained in 2006, in Bolu 2012, in Konya, Afyon, Aydın, Osmaniye, Kayseri, Çorlu, Bursa-2, Düzce and Kocaeli in 2013, in Rize in 2014, in Alibeyköy in 2016 spot LNG license has been obtained. The licenses are valid for 30 years. In addition in Çayırova 12 year distributor lincese (with station) has been obtained in 2015.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

(\*\*) Royalty licence will expire by 2023 for Straton Maden.

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

**(g) Goodwill**

According to TFRS 3 "Business Combinations", the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase (negative goodwill)).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

The goodwill acquired in a business combination is not amortized. Alternatively, once a year or the conditions indicate the impairment losses, the Group test impairment losses more frequently than the usual conditions.

**(i) Financial Instruments**

**(i) Non-derivative financial assets**

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that 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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such 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 is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(i) Financial Instruments (continued)**

**(i) Non-derivative financial assets (continued)**

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

*Financial assets at fair value through profit or loss*

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as 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. 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, which takes into account any dividend income, are recognised in profit or loss.

The fair value of the financial instruments is determined by using the quoted prices in an active market at the balance sheet date without any deduction of transaction costs. If the market for a financial instrument is not active at the balance sheet date, the fair value is estimated by using the market inputs and the appropriate valuation techniques. However, judgment is needed to interpret the available market information. Therefore, the estimates may not reflect the value that would have been realized in a current market transaction.

For all the other financial instruments that are not quoted in an active market, fair value is determined by using a valuation technique. Valuation techniques include net present value technique, benchmarking and other valuation techniques.

*Held-to-maturity financial assets*

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(i) Financial Assets (continued)**

##### **(i) Non-derivative financial assets (continued)**

###### *Loans and receivables*

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

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Equity securities classified as available for sale financial assets and whose fair value cannot be reliably measured, due to lack of active and observable market, are carried at cost, which has been restated by considering the inflation effect until 31 December 2004 less impairment losses if any, since they are acquired before 1 January 2005.

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## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 2.5 Summary of Significant Accounting Policies *(continued)*

#### (i) Financial Instruments *(continued)*

#### (ii) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares, bank overdrafts, and trade and other payables.

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 statement of cash flows.

#### (iii) *Share capital*

##### *Ordinary Shares*

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

##### *Repurchase and reissue of share capital (treasury shares)*

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as "treasury shares owned by the Company" if owned by the Company and classified as "treasury shares owned by the subsidiaries" if owned by subsidiaries and are presented in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(i) Financial Instruments (continued)**

#### **(iv) Derivative financial instruments**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of 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 attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

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

#### *Cash flow hedge transactions*

If a derivative instrument is designed cash flow hedge instrument of a recorded asset or liability or a certain risk which most likely can have an effect on profit or loss, effective portion of change of fair value of the derivative instrument is recognised in other comprehensive income and presented within equity as financial hedge reserve. Ineffective portion of change of fair value of the derivative instrument is directly recognised in profit or loss.



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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(i) Financial Instruments (continued)**

**(iv) Derivative financial instruments**

If an item which is subject to financial hedge is a non financial item, accumulated amount within equity is presented in other comprehensive income and classified to profit or loss in the period or periods which non financial item affects profit or loss. In other situations, accumulated amount within equity is reclassified in profit or loss in the period or periods which non financial hedging item affects profit or loss. When financial hedging instrument doesn't provide required criterias for financial hedging accounting, financial hedging instrument is overdue or disposed, used or canceled, financial hedging accounting is ceased on a going forward basis. If estimated transaction is not expected to accrue any more, related balance recognised in equity is reclassified to profit or loss.

*Net investment hedge accounting*

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

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

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

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

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(j) Impairment of assets**

*(i) Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset and the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency of 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 and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables not to be impaired are then collectively reassessed for any impairment that has been incurred, but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its 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 accounted as doubtful receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss previously recognised in profit or loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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### 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 2.5 Summary of Significant Accounting Policies *(continued)*

##### (j) Impairment of assets *(continued)*

##### (ii) *Non financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and 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. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is 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.

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

##### (k) Employee Benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. With respect to Group's employees in Turkey, retirement pay liability is calculated by using lower of employee's monthly salary and retirement pay ceiling. It is detailed in Note 21 as at 31 December 2016 and 2015. The Group recognizes retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key actuarial assumptions used in the calculation of the retirement pay liability are detailed in Note 21.

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## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 2.5 Summary of Significant Accounting Policies *(continued)*

#### (I) Foreign Currency

##### (i) Foreign currency transactions

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

Companies, whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with TAS 21.

Foreign currency differences arising on operations with foreign currency are recognised in profit or loss as foreign currency exchange gains and losses.

According to TAS 21, balance sheet items presented in the financial statements of domestic and foreign subsidiaries and joint ventures whose functional currency is different from TL, are translated into TL at the balance sheet (USD/TL and EUR/TL) exchange rates whereas income, expenses and cash flows are translated at the average exchange rate or ruling rate of the transaction date. Profit or loss from translation difference of these operations is recognised as "Currency Translation Differences" under the equity.

As at 31 December 2016 and 2015, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2016	31 December 2015
US Dollar / TL	3,5192	2,9076
Euro / TL	3,7099	3,1776

The average foreign currency buying exchange rates of the CBRT in 2016 and 2015 comprised the following:

	2016	2015
US Dollar / TL	3,0212	2,7200
Euro / TL	3,3398	3,0183

##### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(m) Discontinued Operations, Assets Held For Sale and Liabilities Directly Associated with Assets Held For Sale**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/(loss) before tax and the profit/(loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and a profit/(loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with TFRS 11 "Joint Arrangements" and TFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with TFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

## **Global Yatırım Holding A.Ş. And its Subsidiaries**

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(n) Earnings/(Loss) Per Share**

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

#### **(o) Events After the Reporting Period**

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

#### **(p) Provisions, Contingent Assets and Liabilities**

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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**2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2.5 Summary of Significant Accounting Policies (continued)**

**(r) Leases**

*(i) Determining whether an Arrangement contains a Lease*

At the beginning of a lease agreement, the Group determine whether that agreement is a lease agreement or that agreement is an agreement which contains a lease.

Following the beginning of the agreement or reconsidering of the agreement, the Group classify related payments required by the agreement as rent payments and other payments according to their fair value. If the Group decide that related payments are not possible to be classified in a financial lease agreement, reliably an asset or a liability are recognized as much as fair value of related lease. With in the related lease payments, liability is decreased and financial cost added to liability is recognized by using alternative debt ratio of the Group.

*(ii) Financial leases*

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as financial leases. Financial leases are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and is reflected as a liability by the same amount in the consolidated financial statements of the Group. The finance lease obligations are reduced through principle payments and the finance charge portion is allocated to consolidated statement of comprehensive income of each period during the lease term. Capitalized leased assets are depreciated over the estimated useful life of the related asset.

If there is not reasonable certainty that the ownership will be obtained by the end of the lease term, and the lease term is shorter than the estimated useful life of the leased asset, the asset is depreciated over the lease term, otherwise the asset is depreciated over its estimated useful life.

*(iii) Operating leases*

Operating leases are the leases that the risks and rewards incidental to the ownership of the asset belongs to the lesser. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

*(iv) Leased assets*

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are called as financial leases. Firstly, tangible assets acquired via financial leases are measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Following the first record, related leased asset is recognized according to effective accounting policies.

Leased assets under other leases are classified as operating leases and are not recognized in the financial position of the Group.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(r) Leases (continued)**

##### *(v) Lease payments*

Payments under operating leases are recognized in profit or loss via straight-line method during the lease term. Lease promotions are recognized as a part of lease expenses during the lease term.

Minimum lease payments under financial leases are distributed by decreasing finance cost and the rest liability. Finance costs are distributed to each periods on condition that determining a fixed interest rate for the period on the rest balance of related liability.

#### **(s) Segment Reporting**

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

The operating segments of the Group are finance, energy, port operations, real estate and other segments, and they are disclosed in Note 5.

#### **(t) 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 for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 37.

#### **(u) Related Parties**

Parties are considered related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Company that gives it significant influence over the Company; or

(iii) has joint control over the Company;

(b) the party is an associate of the Company

(c) the party is a joint venture in which the Company is a venturer;



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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(u) Related Parties (continued)**

- (d) the party is member of the key management personnel of the Company as its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e)
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

#### **(v) Taxes**

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity. Current tax except taxes recognized during business combination and taxes recognized under other comprehensive income are recognized in profit or loss.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized over temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes as mentioned Note 2.2 and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable, entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.5 Summary of Significant Accounting Policies (continued)**

#### **(y) Receivables From Reverse Repurchase Agreements**

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income discount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

#### **(z) Statement of Cash Flows**

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are short term investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

#### **(aa) Dividends**

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognised in consolidated financial statements when a distribution of profit decided by General Assembly.

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## **2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **2.6 Summary of Significant Accounting Judgements, Estimates and Assumptions**

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

The accounting judgements, estimates and assumptions used in preparing the consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2015.

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

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

- Note 3 Business combinations
- Note 5 Segment reporting
- Note 15 Investment properties
- Note 36 Assets held for sale

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.5 (d,e,f) Useful lives of property, plant and equipments and intangible assets and concession intangible assets
- Note 3 Fair value of assets and liabilities in business combinations
- Note 10 Impairment losses on trade receivables
- Note 12 Impairment losses on receivables from finance sector operations
- Note 15 Fair value of investment properties
- Note 17 Impairment of goodwill
- Note 19 Provisions, contingent assets and liabilities
- Note 21 Assumptions for provision of employment termination benefit
- Note 28 Income/expense from investing activities
- Note 31 Tax assets and liabilities
- Note 35 Determination of fair value
- Note 36 - Assets held for sale and discontinued operations

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**3 BUSINESS COMBINATIONS**

The subsidiary of the Group, Aristaeus Limited, has acquired 15% of the shares of Axel Corporation Grupo Hotelero SL, which operates in the hotel business, on 15 July 2016.

It is probable to observe corrections in the identifiable assets and liabilities and correspondingly in the accounted value of goodwill, according to TFRS 3 "Business Combinations" paragraph 45-49, in one year starting from the acquisition date.

The detailed information about the acquisitions accounted according to TFRS 3 "Business Combinations" in the year 2015 and 2016 are as follows:

*Valetta Cruise Port*

Global Ports Europe BV ,a subsidiary of the Group, acquired 55,60% of shares of Valetta Cruise Port ("VCP") on 30 November 2015.

The Group plans to increase port investments and expand its port portfolio abroad by holding control of VCP.

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The acquisition cost explained in detail below has been recognized as port operation right in intangible assets after deducting identifiable assets and liabilities.

The acquisition cost stated by an independent valuation company is determined by using weighted average of income approach and market approach. According to the income approach, the fair value of the company has been determined through future projected cash flows by using discounted cash flow method (DCF). When determining the fair value of the company with DCF method, the discount ratio as the weighted average of cost of capital in Euro is determined as 10,38 %. The valuation is made by calculating the discounted future cash flows based on present and future port traffic, present capacity and projected capacity in relation with planned investments of Global Liman, restructuring commitments in compliance with the agreement and royalty term. In the market approach method, the peer comparison method and comparable Shares Purchase-Selling Agreements are used based on the standard ratios of similar companies, Price/Sales and NAV/EBITDA ratios.

In determining of the acquisition of Valetta Cruise Port, contribution to the value of Valetta Cruise Port provided from the current cruise network of Global Liman together with the potential and the expected growth of the Group's port operations in the present network of operations through the location of the present ports of the Group together with Valetta Cruise Port in Mediterranean Region has been considered. That situation resulted in bargain purchase gain as a result of the acquisition of Valetta Cruise Port.

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 3 BUSINESS COMBINATIONS (continued)

##### *Valetta Cruise Port (continued)*

The details of the purchase method used by the Group are as below:

Acquisition cost	77.042.620
Fair value of total net identifiable assets (100%)	(168.362.138)
Fair value of non-controlling interests (44,40%)	74.752.789
<b>Bargain purchase gain (negative goodwill)</b>	<b>(16.566.729)</b>

Bargain purchase gain has been recognized in "Other operating income" (Note 27.1) in the consolidated statement of profit or loss and comprehensive income.

<b>Identifiable assets acquired and liabilities assumed</b>	<b>Fair value 100%</b>
Cash and Cash Equivalents	5.285.658
Trade and Other Receivables	4.197.365
Other Assets	1.214.565
Property, Plant and Equipment	84.558.698
Intangible Assets	183.581.260
Investments	275.816
Financial Liabilities	(34.977.423)
Other Financial Liabilities	(7.027.865)
Trade and Other Payables	(4.152.593)
Deferred Income	(1.474.406)
Other Liabilities	(628.968)
Deferred Tax Liability	(62.489.969)
<b>Net identifiable assets</b>	<b>168.362.138</b>

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The gross amount of trade and other receivables which acquired as at acquisition date recognized at fair value.

On the condition that, acquisition transactions of Valetta Cruise Port were realized on 1 January 2015 , Valetta Cruise Port would have contributed by TL 27.855.000 on the consolidated revenue and by TL 4.331.000 on the consolidated net profit, except for bargain purchase gain recognized.

Consideration paid:	77.042.620
Cash associated with purchased assets	5.561.474
<b>Net cash outflow</b>	<b>71.481.146</b>

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 3 BUSINESS COMBINATIONS (continued)

##### *Ravenna, Cagliari and Catania Passenger Ports*

Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 100% shares of Cagliari Terminali Passeggeri S.r.l (operating Cagliari Passenger Port) and 67,55% shares of Catania Terminali Passeggeri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

The details of the accounting of the Group's acquisition in accordance with the acquisition method are as follows:

Acquisition cost	8.484.791
Fair value of total net identifiable assets (100%)	(1.713.850)
Fair value of non-controlling interests	651.052
<b>Goodwill</b>	<b>7.421.993</b>

	Fair value
<b>Identifiable assets acquired and liabilities assumed</b>	<b>100%</b>
Property, Plant and Equipment	3.304.529
Intangible Assets	482.130
Other Assets	827.012
Trade and Other Receivables	2.093.924
Cash and Cash Equivalents	809.416
Loans and borrowings	(2.125.597)
Trade and other payables	(3.628.295)
Employee termination indemnity	(49.269)
<b>Net identifiable assets</b>	<b>1.713.850</b>

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The gross amount of trade and other receivables which acquired as at acquisition date recognized at fair value.

On the condition that, acquisition transactions of Ravenna, Cagliari and Catania Passenger Ports were realized on 1 January 2016 , Ravenna, Cagliari and Catania Passenger Ports would have contributed by TL 4.873.196 on the consolidated revenue and by TL 356.502 on the consolidated loss.

Consideration paid:	8.484.791
Cash associated with purchased assets	(809.416)
<b>Net cash outflow</b>	<b>7.675.375</b>

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**4 INVESTMENT IN OTHER ENTITIES**

The detail of joint ventures and equity accounted investees are explained in Note 18.

**5 SEGMENT REPORTING**

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are finance, naturel gas/mining/energy generation (previously named as energy), port operations (previously named as infrastructure), real estate and other. Brokerage and asset management segment(previously named as finance) includes the finance operations (including Global Yatırım Holding), energy segment includes compressed natural gas distribution and electricity generation facilities and mining operations, port operations segment includes domestic and abroad commercial and cruise port operations and investments and real estate segment includes operations in respect of investment property and trading property operations. Other segment mainly includes the media operations.

Especially in the winter months (December, January, February), the operations of the subsidiaries of the Group operating in the port operation sector under the port operations segment decline in comparison with the other months of the year. The busiest period in the cruise port operations is the third quarter of the year. These seasonality of operations have an impact on the performance of the aforementioned segments.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") is reviewed in the assessment of the financial performance of the operating segments. The Company management assesses EBITDA as the most appropriate method for the review of the segment operations, based on the comparability with other companies in the same industry. As the transactions mentioned below became significant in terms of the operations of the Group, the Group, starting in 2011, includes the following items in the EBITDA: the profit or / loss before tax earned by the Group companies' sale of the Company shares and the profit or / loss before tax earned by the Group from the sale of its subsidiaries' shares without losing the control and unquoted to an active market. These gains and losses are accounted for under the equity in the consolidated financial statements. The information related to the segments of the Group is disclosed below.

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**5 SEGMENT REPORTING (continued)**

	Port Operations			Natural Gas/Mining/Energy Generation			Real Estate (**)			Brokerage & Asset Management (*)			Other			Total		
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Segment assets	2.318.099.654	2.085.462.138	650.428.966	500.567.990	550.113.201	460.183.725	324.569.849	373.663.100	31.422.477	18.948.252	3.874.544.147	3.438.825.205	3.874.544.147	3.438.825.205	3.874.544.147	3.438.825.205	3.874.544.147	3.438.825.205
Segment liabilities	1.679.454.630	1.438.598.413	493.810.094	327.941.794	166.114.517	146.406.124	612.351.394	557.733.191	8.520.949	3.538.545	2.966.201.475	2.464.218.267	2.966.201.475	2.464.218.267	2.966.201.475	2.464.218.267	2.966.201.475	2.464.218.267
External revenues	347.042.442	286.907.103	224.252.413	218.340.519	25.802.784	12.052.614	30.536.415	33.044.359	1.856.301	1.856.657	629.098.155	552.201.252	629.098.155	552.201.252	629.098.155	552.201.252	629.098.155	552.201.252
EBITDA	192.580.030	175.070.345	26.944.798	26.439.560	18.077.577	56.102.882	(42.536.076)	(36.697.653)	(1.775.827)	(3.338.524)	193.390.522	217.566.688	193.390.522	217.566.688	193.390.522	217.566.688	193.390.522	217.566.688
Depreciation and amortisation expense (-)	(122.225.846)	(103.861.959)	(34.146.561)	(29.693.816)	(829.540)	(319.489)	(1.581.380)	(1.609.480)	(2.075.676)	(1.886.736)	(161.159.003)	(137.713.471)	(161.159.003)	(137.713.471)	(161.159.003)	(137.713.471)	(161.159.003)	(137.713.471)
Finance income	24.613.833	47.241.337	4.311.399	1.104.387	1.716.206	434.924	17.064.583	403.790	480.857	2.469	48.166.888	49.186.907	48.166.888	49.186.907	48.166.888	49.186.907	48.166.888	49.186.907
Finance expenses	(90.870.467)	(90.032.072)	(43.401.081)	(29.815.010)	(12.784.726)	(6.388.620)	(72.333.540)	(69.330.866)	(1.711.898)	(964.973)	(221.101.712)	(196.531.541)	(221.101.712)	(196.531.541)	(221.101.712)	(196.531.541)	(221.101.712)	(196.531.541)

(\*) Includes Global Yatirim Holding A.Ş.'s operations

(\*\*) The Group has been recognized investment property valuation income amounting to TL 44.195.197 in 2015 under income from investment activities in relation to the Van AVM project which was completed and operated in 2015 with the aim of obtaining capital gains over Van (31 December 2016: TL 524.720).



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**5 SEGMENT REPORTING (continued)**

	<b>1 January- 31 December 2016</b>	<b>1 January- 31 December 2015</b>
<b>Revenues</b>		
Segment revenues	633.032.039	552.538.446
Elimination of inter-segment revenues (*)	(3.041.684)	(337.194)
<b>Consolidated revenues</b>	<b>629.990.355</b>	<b>552.201.252</b>
	<b>1 January- 31 December 2016</b>	<b>1 January- 31 December 2015</b>
Consolidated EBITDA	193.290.522	217.586.608
Finance income (Note 29)	34.736.486	34.990.196
Finance expenses (Note 30)	(207.596.751)	(182.332.169)
(Gain)/Loss on sale of shares recognized in equity (Note 23)	(1.026.674)	(7.297.967)
Depreciation and amortisation expenses (Note 26)	(161.159.003)	(137.373.471)
<b>Consolidated profit/(loss) before income tax</b>	<b>(141.755.420)</b>	<b>(74.426.803)</b>
	<b>1 January- 31 December 2016</b>	<b>1 January- 31 December 2015</b>
Segment finance income	48.166.888	49.186.907
Elimination of inter-segment finance income	(13.430.402)	(14.196.711)
<b>Total finance income (Note 29)</b>	<b>34.736.486</b>	<b>34.990.196</b>
	<b>1 January- 31 December 2016</b>	<b>1 January- 31 December 2015</b>
Segment finance expenses	(221.101.712)	(196.531.541)
Elimination of inter-segment finance expenses	13.504.961	14.199.372
<b>Total finance expenses (Note 30)</b>	<b>(207.596.751)</b>	<b>(182.332.169)</b>
<b>Fixed asset purchases (**)</b>		
	<b>1 January- 31 December 2016</b>	<b>1 January- 31 December 2015</b>
Energy	141.659.500	68.270.743
Finance	1.892.737	2.043.443
Port operations	29.585.553	22.734.129
Real estate	855.633	74.737.317
Other	340.801	649.782
<b>Total</b>	<b>174.334.224</b>	<b>168.435.414</b>

(\*) The total amount of elimination of inter-segment revenues is related to the finance segment.

(\*\*) Fixed asset purchases include additions to property, plant and equipment, intangible assets and investment property.

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**6 RELATED PARTY DISCLOSURES**

The related parties shown in the related party disclosures and the nature of the relation of the Group with these parties are as follows:

<u>Related party</u>	<u>Nature of relations</u>
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee (Note 18)
Global A Type ve B Type Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

**Due from related parties**

As at 31 December 2016 and 31 December 2015, current receivables from operations in finance sector-due from related parties comprised the following:

<b>Current receivables from operations in finance sector - due from related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Turkcom (*)	11.418.780	9.924.370
IEG Kurumsal Finansal Danışmanlık A.Ş.	840.152	-
Global A Type and B Type Funds	-	2.291
Other	63.002	18.201
<b>Total</b>	<b>12.321.934</b>	<b>9.944.862</b>

(\*) Balances consist of loans extended for regular margin lending activities. The receivables are secured with equity securities. Interest is charged on the receivables based on market interest rates.

As at 31 December 2016 and 31 December 2015, other current receivables from related parties comprised the following:

<b>Other current receivables from related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Mehmet Kutman <sup>(1)</sup>	10.378.233	3.859.107
Venezia Investimenti SRL	4.140.058	-
Turkcom	29.780	81.674
Erol Göker <sup>(1)</sup>	6.034.338	5.993.187
IEG	-	828.119
Other	4.666.507	3.562.670
<b>Total <sup>(2)</sup></b>	<b>25.248.916</b>	<b>14.324.757</b>

(1) These amounts are related with the personnel and work advances and they are not secured. Interest is charged on advances which have not work advances (Interest rate: 31 December 2016: 10,50%, 31 December 2015: 10,50%)

(2) The amount excludes the loans provided to key management explained below.

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### 6 RELATED PARTY DISCLOSURES (continued)

A subsidiary of the Group has provided secured loans to key management with a limit of USD 10.000.000 and an interest rate of Libor +3,5%, having annual coupon payments and a principal payment at the end of period, which mature on 30 December 2013. The maturity of this loan is extended to the date of 31 December 2017. As at 31 December 2016 and 31 December 2015, this receivable has been classified in other current receivables from related parties in the balance sheet. As at 31 December 2016, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 1.050.709. The total loan amounted to USD 10.857.086 (equivalent to TL 38.208.257). As at 31 December 2015, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 740.743 and the total loan amounted to USD 10.547.120 (equivalent to TL 30.666.806).

As at 31 December 2016, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 63.457.173 in the consolidated financial statements (31 December 2015: TL 44.991.563).

#### Transactions with related parties

##### Transactions with key management personnel

The Company's key management personnel consists of members of Boards of Directors and Executive Board Members. The compensation of key management personnel includes salaries, bonuses, health insurance and transportation costs. The total benefits (salaries, bonuses, attendance fees, etc.) provided to the key management for the period ended 31 December 2016 and 2015 are TL 24.770.581 and TL 21.082.867, respectively.

The Group's interest income earned from the loan provided to key management for the year ended 31 December 2016 amounts to TL 1.194.879 (1 January-31 December 2015: TL 992.338).

##### Transactions with other related parties

For the year ended 31 December 2016 and 2015, significant transactions with other related parties comprised the following:

	1 January-31 December 2016				1 January-31 December 2015			
	Interest Received	Other income	Other expense	Commission for letter of guarantee given	Interest Received	Other income	Other expense	Commission for letter of guarantee given
Turkcom(*)	1.260.977	-	293.220	-	1.505.419	-	-	-
Mehmet Kulman(*)	901.669	-	-	700.000	507.669	-	-	700.000
Erol Göker	180.006	-	-	-	100.395	-	-	-
Global A Type and B Type Funds	-	-	-	-	-	-	-	-
Global Portföy	-	-	-	-	-	-	-	-
Other	87.809	12.785	-	-	87.067	-	229.262	-
<b>Total</b>	<b>2.430.461</b>	<b>12.785</b>	<b>293.220</b>	<b>700.000</b>	<b>2.200.550</b>	<b>-</b>	<b>229.262</b>	<b>700.000</b>

(\*) Includes margin lending and advance interest.

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#### 7 CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 31 December 2015, cash and cash equivalents comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Cash on hand	333.741	365.952
Cash at banks	205.888.378	283.099.466
- Demand deposits	78.096.097	149.201.656
- Time deposits	127.792.281	133.897.810
Receivables from reverse repurchase agreements	-	5.964.877
Receivables from Takasbank	19.193	1.515.465
Other	2.799.678	5.223.734
<b>Cash and cash equivalents</b>	<b><u>209.040.990</u></b>	<b><u>296.169.494</u></b>
Blocked deposits	(48.096.697)	(59.666.419)
<b>Cash and cash equivalents for cash flow purposes</b>	<b><u>160.944.293</u></b>	<b><u>236.503.075</u></b>

As at 31 December 2016 and 31 December 2015, maturities of time deposits comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Up to 1 month	127.470.262	133.834.288
1-3 months	322.019	63.522
	<b><u>127.792.281</u></b>	<b><u>133.897.810</u></b>

As at 31 December 2016 and 31 December 2015, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Interest rate range for time deposit - TL	8,50% - 11,00%	7,25% - 11,00%
Interest rate for time deposit - USD	0,35%-0,50%	0,10%-0,25%

As at 31 December 2016, cash at banks amounting to TL 37.858.016 (31 December 2015: TL 49.007.392) is blocked due to bank borrowings and letters of guarantee by the banks. As at 31 December 2016, TL 9.047.863 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by the CMB (31 December 2015: TL 10.282.280). As at 31 December 2016 TL 1.190.818 (31 December 2015: TL 376.747) of other cash equivalents are blocked at banks until their maturities. Financial risk with respect to cash and cash equivalents are detailed in Note 34.

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#### 8 FINANCIAL INVESTMENTS

As at 31 December 2016 and 31 December 2015, the details of financial investments comprised the following:

Current assets	31 December 2016	31 December 2015
Financial assets held for trading	10.892.959	14.791.212
Financial assets available for sale	-	237.642
Other	1.193.005	511.874
<b>Total</b>	<b>12.085.964</b>	<b>15.540.728</b>
<b>Non current assets</b>		
Financial assets available for sale	4.276.621	7.234.573
<b>Total</b>	<b>4.276.621</b>	<b>7.234.573</b>

The details of financial assets of the Group is as follows:

##### a) Financial assets held for trading

	31 December 2016	31 December 2015
Debt securities (governmental bonds)	1.093.957	13.026.037
Equity securities	8.788.992	1.755.175
Investment funds participations	1.010.010	10.000
	<b>10.892.959</b>	<b>14.791.212</b>

All financial assets held for trading are financial assets at fair value through profit or loss. The changes in fair value of these assets are accounted for in gain/(loss) on investing activities, net in the consolidated profit or loss and other comprehensive income (Note 28). All the equity securities included in the financial assets held for trading are traded in active markets.

As at 31 December 2015, financial assets amounting to TL 2.919.278 are pledged by the banks with respect to the letter of guarantees given to BIST (31 December 2016: None).

As at 31 December 2015, financial assets amounting to TL 650.969 are given to Turkish Derivative Exchange ("VİOP") for transaction guarantee (31 December 2016: None).

As at 31 December 2016 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2015: TL 25.634).

As at 31 December 2016 and 31 December 2015, the letters of guarantee given to the BIST, Settlement and Custody Bank, the Turkish Derivative Exchange and the Capital Market Board are explained in Note 20.

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**8 FINANCIAL INVESTMENTS (continued)**

**b) Financial assets available for sale**

	<u>31 December 2016</u>	<u>31 December 2015</u>
Equity securities		
- Quoted to an active market	-	237.642
- Unquoted to an active market	4.276.621	7.234.573
<b>Total</b>	<b><u>4.276.621</u></b>	<b><u>7.472.215</u></b>

Details of equity securities which are not quoted in an active market comprised the following:

	<u>31 December 2016</u>		<u>31 December 2015</u>	
	Share ratio (%)	Book value	Share ratio (%)	Book value
Borsa İstanbul A.Ş.	0,08	2.683.145	0,08	319.422
Takas ve Saklama Bankası A.Ş.		-	2,35	5.625.000
Bakü Borsası	5,50	137.523	5,50	137.523
Other		1.455.953		1.152.628
<b>Total</b>		<b><u>4.276.621</u></b>		<b><u>7.234.573</u></b>

The Group recognized and measured the investments that are not quoted in active markets at cost.

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**9 FINANCIAL LIABILITIES**

As at 31 December 2016 and 31 December 2015, financial liabilities comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
<b>Short term borrowings</b>		
Short term bank loans	244.383.130	54.094.422
-TL Loans	184.509.500	20.951.186
-Foreign currency loans	59.873.630	33.143.236
<b>Total</b>	<b>244.383.130</b>	<b>54.094.422</b>
<b>Short term portion of long term borrowings</b>		
	<u>31 December 2016</u>	<u>31 December 2015</u>
Short term portion of long term bank loans	163.851.547	108.431.295
-TL Loans	21.243.452	10.832.848
-Foreign currency loans	142.608.095	97.598.447
Debt securities issued	357.131.657	242.608.927
- TL debt securities	233.046.378	181.780.683
-Foreign currency debt securities	124.085.279	60.828.244
Finance lease obligations	28.003.611	20.394.682
<b>Total</b>	<b>548.986.815</b>	<b>371.434.904</b>
<b>Long term borrowings</b>		
	<u>31 December 2016</u>	<u>31 December 2015</u>
Long term bank loans	519.282.425	477.717.104
-TL Loans	35.733.871	35.887.999
-Foreign currency loans	483.548.554	441.829.105
Debt securities issued	878.557.811	850.730.445
- TL debt securities	57.669.457	132.224.890
-Foreign currency debt securities	820.888.354	718.505.555
Finance lease obligations	68.038.654	66.039.664
<b>Total</b>	<b>1.465.878.890</b>	<b>1.394.487.213</b>
<b>Total borrowings</b>	<b>2.259.248.835</b>	<b>1.820.016.539</b>

Maturity profile of long term bank loans and debt securities issued comprised the following:

<u>Years</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
2017	-	325.376.394
2018	230.443.572	139.337.081
2019	170.784.824	121.765.766
2020 and after	996.611.840	741.968.308
<b>Total</b>	<b>1.397.840.236</b>	<b>1.328.447.549</b>

Maturity profile of finance lease obligations comprised the following:

	<u>31 December 2016</u>			<u>31 December 2015</u>		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
Less than one year	30.222.980	2.219.369	28.003.611	22.643.418	2.248.736	20.394.682
Between one and five years	74.530.439	6.491.785	68.038.654	76.035.542	9.995.878	66.039.664
<b>Total</b>	<b>104.753.419</b>	<b>8.711.154</b>	<b>96.042.265</b>	<b>98.678.960</b>	<b>12.244.614</b>	<b>86.434.346</b>





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#### FINANCIAL LIABILITIES (Continued)

LIABILITY	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate, %	Principal, TL	Carrying Value, TL
<b>Loans and issued debt securities used to finance:</b>							
<b>Debt securities issued (1)</b>							
Bond issued (H)	Holding	USD	2017	Fixed	11.9%	44,095,109	44,095,109
Bond issued (H)	Holding	TL	2016	Floating	GDS+ 4.50 %	75,000,000	75,425,703
Bond issued (H)	Holding	TL	2017	Floating	GDS+ 4.75 %	110,000,000	112,301,169
Bond issued (H)	Holding	TL	2016	Floating	GDS+ 4.50 %	85,000,000	86,046,234
Bond issued (H)	Holding	TL	2017	Floating	GDS+ 4.50 %	40,000,000	40,032,467
Secured loan (H)	Holding	USD	2016	Floating	Libor + 7.50 %	2,298,821	2,309,968
Secured loan (H)	Holding	USD	2016	Floating	Libor + 7.50 %	29,257,725	30,307,069
Secured loan (H)	Holding	EURO	2018	Floating	Euribor+6.70 %	24,083,876	24,084,350
Secured loan (H)	Holding	EURO	2019	Floating	Euribor + 6.70 %	15,411,359	15,856,275
Secured loan (H)	Holding	TL	Rotative	Fixed	12.5 %	18,000,000	18,000,000
Secured loan (H)	Holding	EURO	2017	Floating	Euribor + 6.50 %	23,832,000	23,861,997
Secured loan (H)	Holding	EURO	2020	Floating	Euribor + 6.50 %	33,940,476	34,977,422
Secured loan (H)	Holding	EURO	2020	Floating	Euribor+ 4.6 %	69,907,200	70,240,926
Secured loan (H)	Global Parts BV	TL	2015	Fixed	11.70 %	295,175	295,175
Secured loan (H)	Global Liman	TL	2020	Fixed	8.13 %	736,900,000	734,338,600
Secured loan (H)	Global Liman	USD	2021	Fixed	5.75 %	436,340	436,149
Secured loan (H)	Ege Liman	USD	2016	Fixed	6.25 %	2,907,600	2,776,649
Secured loan (H)	Ege Liman	USD	2016	Fixed	5.2 %	3,779,880	3,779,880
Secured loan (H)	Ege Liman	USD	2016	Fixed	7.75 %	444,330	442,766
Secured loan (H)	Bodrum Liman	TL	2021	Floating	TR Libor+ 5 %	14,692,913	14,692,913
Secured loan (H)	Pera	TL	2021	Fixed	14.50 %	3,000,000	3,000,000
Secured loan (H)	Pera	TL	2021	Floating	TR Libor+ 4.95 %	8,584,238	8,594,238
Secured loan (H)	Pera	TL	2021	Fixed	3.5 %	5,083,876	5,083,876
Secured loan (H)	Natirelgaç	TL	2016	Fixed	12 % - 14.30 %	3,363,549	3,363,549
Secured loan (H)	Natirelgaç	TL	2022	Floating	TR Libor + 2.50 %	9,107,612	9,351,779
Secured loan (H)	Natirelgaç	TL	2022	Floating	TR Libor + 2.50 %	9,107,612	9,351,779
Secured loan (H)	Natirelgaç	USD	2022	Floating	USD Libor + 5.25 %	30,529,800	30,870,284
Secured loan (H)	Natirelgaç	USD	2022	Floating	USD Libor + 5.25 %	30,529,800	30,870,284
Secured loan (H)	Natirelgaç	TL	Rotative	Fixed	-	136,724	136,724
Secured loan (H)	Straton Maden	EURO	2015	Floating	Euribor + 3.25 %	7,216,320	7,405,271
Secured loan (H)	Straton Maden	EURO	2015	Fixed	1.74 %	19,065,600	19,065,600
Secured loan (H)	Straton Maden	EURO	2021	Floating	Euribor + 3 %	7,419,696	7,672,434
Secured loan (H)	Straton Maden	EURO	2018	Fixed	5.52 %	1,840,387	1,822,265
Secured loan (H)	Straton Maden	TL	2018	Fixed	12 %	216,966	216,966
Secured loan (H)	Tres Enerji	TL	2017	Fixed	11 %	63,214	63,214
Secured loan (H)	Port of Bar	EURO	2017	Fixed	8.20 %	859,883	888,706
Secured loan (H)	Port of Bar	EURO	2017	Fixed	8 %	619,712	619,086
Secured loan (H)	Port of Bar	EURO	2015	Floating	Euribor + 6.20 %	2,001,091	2,001,091
Secured loan (H)	BPI	EURO	2023	Floating	Euribor + 4 %	129,997,036	126,327,865
Secured loan (H)	BPI	EURO	2024	Floating	Euribor + 4 %	7,622,242	7,435,533
Secured loan (H)	Port of Malaga	EURO	2025	Floating	Euribor + 1.75 %	21,171,516	21,006,895
Secured loan (H)	Global Tiari Emlek	USD	2025	Floating	Libor+ 6.20 %	104,602,960	102,367,153
Unsecured loan	Global Metkal	TL	Rotative	Fixed	-	2,512,158	2,512,160
						<b>1,719,834,500</b>	<b>1,723,592,190</b>
<b>Leasing</b>							
Leasing (K)	Ortaogu Liman	USD	2015 - 2020	Fixed	5.92 % - 7.35 %	6,447,975	6,447,975
Leasing (K)	Ege Liman	USD	2020	Fixed	5.75 % - 7.75 %	614,351	614,351
Leasing (K)	Ege Liman	EURO	2017	Floating	5.75 % - 6.50 %	8,530,527	8,530,527
Leasing (K)	Natirelgaç	USD	2019	Fixed	7 % - 7.77 %	17,221,254	17,221,254
Leasing (K)	Natirelgaç	EURO	2017	Fixed	6.00 % - 10.30 %	13,371,254	13,371,254
Leasing (K)	Straton Maden	EURO	2017	Fixed	7.80 %	788,269	788,269
Leasing (K)	Tres Enerji	EURO	2018	Fixed	Euribor + 3 %	3,121,779	3,121,779
Leasing (K)	Tres Enerji	EURO	2019	Fixed	5.1 %	15,090,916	15,090,916
Leasing (K)	Tres Enerji	EURO	2019	Fixed	5.65 % - 5.50 %	11,464,858	11,464,858
Leasing (K)	Navic Bayrak Dogu	EURO	2020	Fixed	5 %	7,496,603	7,496,603
						<b>80,434,344</b>	<b>80,434,340</b>
						<b>1,800,268,844</b>	<b>1,820,016,530</b>

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**9 FINANCIAL LIABILITIES (continued)**

Detailed information related to the significant loans and borrowings of the Group is as follows:

- (i) The Company has borrowed amounting to USD 100.000.000 long term loan with a 5 year maturity and an interest rate of 9,25 % "loan participation notes" issued on 1 August 2007. The principal amount would be paid on maturity and interest would be paid in January and July each year. On the day the loan was issued, a special purpose entity of the Group invested USD 25.000.000 in the notes, which were issued by Deutsche Bank Luxembourg SA. With subsequent repurchases on various dates, the amount of notes owned by the Group reached a nominal value of USD 26.860.300 as at 31 December 2010. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's loan participation notes in accordance with TAS 32.

As at 28 December 2011, the Group exchanged the portion of the aforementioned notes amounting to USD 39.333.000 with the new notes issued by the Company having a nominal value of USD 40.119.000, with a maturity date of 30 June 2017 and an interest rate of 11% p.a. Interest will be paid in January and June each year. Thus, as at 31 December 2011, the nominal value of the aforementioned loan participation notes is USD 60.667.000. As of 31 July 2012, the loan participation notes has been closed by repayment of all interest and principal amounts.

As at 31 December 2016, the portion amounting to USD 24.144.000 of the new notes issued by the Company with a total amount of USD 40.119.000 are the notes held by the Company and its subsidiaries (31 December 2015: USD 24.644.000). The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's notes issued in accordance with TAS 32. As at 31 December 2016, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 15.975.000 (31 December 2015: USD 15.475.000).

The loan and debt security agreements include financial covenants, terms restricting indebtedness, sales of material assets, transactions with subsidiaries and mergers and acquisitions of Group companies.

- (ii) The Company has issued bonds to qualified investors amounting to TL 75.000.000 with 1.116 days maturity and an interest rate of GDS+4,5% on 29 March 2013. The interest is paid every 31 days. The loan amount was paid on maturity and the loan was closed on 18 April 2016.

The Company has issued bonds to qualified investors amounting to TL 85.000.000 with 910 days maturity and an interest rate of GDS+4,5% on 27 May 2014. The loan amount was paid on maturity and the loan was closed on 22 November 2016.

The Company has issued bonds to qualified investors amounting to TL 110.000.000 with 728 days maturity and an interest rate of GDS+4,75% on 5 May 2015. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 40.000.000 with 729 days maturity and an interest rate of GDS+4,50% on 29 December 2015. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 819 days maturity and an interest rate of GDS+5,25 % on 15 April 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 14.800.000 with 819 days maturity and an interest rate of GDS+5,25 % on 17 November 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 70.200.000 with 364 days maturity and an interest rate of GDS+4,75 % on 17 November 2016. The interest is paid every three months.

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#### 9 FINANCIAL LIABILITIES (continued)

- (iii) On 27 June 2012, the Company has borrowed a total of USD 5.500.000, with an interest rate of Libor+7,5%. The loan amount was paid on maturity and the loan was closed on 27 June 2016.
- On 27 July 2012, the Company has borrowed a total of USD 35.000.000, with an interest rate of Libor+7,5%. The loan amount was paid on maturity and the loan was closed on 27 July 2016.
- As at 31 December 2014, the Company has borrowed a total of EURO 9.000.000, with an interest rate of Euribor + 6,76 % and maturity on 31 December 2018. The interest is paid every six months. The remaining principal amount of the loan as at 31 December 2016 is EURO 6.308.532. (31 December 2015: EURO 7.579.266).
- On 30 January 2015, the Company has borrowed a total of EURO 5.000.000, with an interest rate of Euribor + 6,70 % and maturity on 30 January 2019. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2016 is EURO 3.457.249. (31 December 2015: EURO 4.850.000).
- (iv) Global Liman has issued bonds by pricing resale gain to qualified investors amounting to USD 250.000.000 with 7 years maturity and 8,125 % coupon rate based on 8,250 % reoffer yield was completed on 14 November 2014. The bond is quoted on Irish Stock Exchange. Eurobonds contains the certain following covenants;
- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
  - The consolidated leverage ratio would not exceed 5,0 to 1. Notwithstanding the foregoing clause (a), the Issuer and any Restricted Subsidiary will be entitled to incur any or all of the following indebtedness;
    - a) Indebtedness incurred by Global Liman ("the Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5.000.000;
    - b) Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10.000.000;
    - c) Additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and (b) Port of Bar Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time under sub-clauses (a) and (b) of this clause does not exceed USD 20.000.000; and provided further, that more than 50% in aggregate principal amount of any Port of Bar Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.
- (v) TL loans amounting to TL 12.299.618, represent the loans granted to Pera on 10 May 2013, to refinance the loans borrowed to finance Sümerpark Shopping Mall, an investment property of the Group. The amount of TL loans amounting to TL 13.906.961 represent the loans used for Skycity project. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. As a guarantee for this loan, the land in Denizli Sümer Mahallesi is given as a mortgage and there is pledge over the Sümerpark Shopping Mall in favour of the lender.

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#### 9 FINANCIAL LIABILITIES (continued)

- (vi) On 26 March 2015, the Company has borrowed a total of EURO 10.000.000, with an interest rate of Euribor + 6,50 % and maturity on 22 December 2017. The remaining principal amount of the loan as at 31 December 2016 is EURO 7.500.000 (31 December 2015: EURO 7.500.000). Under this loan agreement, a mortgage is issued on a land recognized under property, plant and equipment amounting to EURO 15.000.000.
- (vii) On 1 April 2015, Naturelgaz has borrowed a total of USD 18.750.000 and TL 16.062.500, with an interest rate of TRLibor+2,5 % and USDLibor+5,25% respectively to finance investing activities. Interest and principal are paid every six months (in January and July). Under this loan agreement, the shares of a subsidiary of the Group amounting to TL 13.600.000 nominal value has been pledged. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. The principal payments will start 18 months later, starting from 1 April 2015 and will be paid every six months. The loan agreements include financial covenants.
- (viii) Straton Maden entered into a loan agreement with interest rates of 1,34% and %3-3,25% to finance investing activities. The remaining principal amount of the loan as at 31 December 2016 is EURO 10.999.345.
- (ix) The loans used by Port of Bar to finance investing activities.
- (x) On 27 August 2010, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 4 September 2015 and interest rate of 5,92% for the purchase of a port tugboat. On 23 December 2013, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 30 June 2017 and interest rate of 5,75% for the purchase of a port tugboat.
- On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 July 2020 and interest rate of 7,35% for the purchase of a port tugboat.
- On 27 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 August 2019 and interest rate of 7,35 % for the purchase of a port of a port forklift.
- (xi) Financial lease agreements signed by Naturelgaz with an interest rate of 6,04%-10,30% and expiry date of 2017-2019 for the purpose of leasing machinery and motor vehicles.
- (xii) Finance lease agreements signed by Tres Enerji to finance investments.
- (xiii) On 25 June 2014, Ege Liman has signed a finance lease agreement with an interest rate of 7,75% and expiry in 2020 to finance investments.
- (xiv) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2023, an interest rate of Euribor+4% and EURO 9.000.000 with a maturity date on 2025, an interest rate of Euribor+1,75% for investing activities. The remaining principal amounts of the loans as at 31 December 2016 are EURO 35.670.377 and EURO 2.398.742 respectively. There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 66.007.321) and Creuers shares amounting to Euro 1.863.138 (TL 6.261.634) related to this loan.
- On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 for a new terminal construction. The loan is a nonrecourse loan which has a 15 year maturity and 18 months non-refundable right effective from the term of the agreement related with Euribor conditions. Malaga Port has guaranteed repayment of principal and interest amounts of the loan by mortgaging its royalty right. The remaining principal amount of the loan as at 31 December 2016 is EURO 6.048.214.

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#### **9 FINANCIAL LIABILITIES** *(continued)*

- (xv) Global Ticari Emlak has borrowed a total of USD 34.600.000 with an interest rate of Libor+6,20 % to finance construction over shopping mall in city of Van. Interest is paid every six months (in April and October).
- (xvi) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, in May and November each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement.
- (xvii) The loan used by Valetta Cruise Port to finance investing activities.
- A summary of other guarantees with respect to the loans are presented in Note 20.
- The details of the foreign currency risk with respect to financial liabilities are presented in Note 33.

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**10 TRADE RECEIVABLES AND PAYABLES**

**Trade receivables - current**

As at 31 December 2016 and 31 December 2015, current trade receivables other than due from related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Receivables from customers	87.213.441	81.692.682
Doubtful receivables	9.251.994	7.332.113
Allowance for doubtful receivables	(9.251.994)	(7.332.113)
Other	1.314.343	234.810
<b>Total</b>	<b><u>88.527.784</u></b>	<b><u>81.927.492</u></b>

The movement of the allowance for doubtful trade receivables during the years ended 31 December 2016 and 31 December 2015 comprised the following:

	<u>2016</u>	<u>2015</u>
Balance at the beginning of the period (1 January)	(7.332.113)	(7.147.815)
Addition to scope of consolidation	-	(316.244)
Allowance for the period	(2.271.789)	(533.948)
Cancellation of allowances and collections	355.106	818.266
Exchange differences on translation	(3.198)	(152.372)
<b>Balance at the end of the period (31 December)</b>	<b><u>(9.251.994)</u></b>	<b><u>(7.332.113)</u></b>

The expenses related to the allowance for doubtful receivables are presented under general administrative expenses.

**Short-term trade payables**

As at 31 December 2016 and 31 December 2015, short-term trade payables other than due to related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Payables to suppliers	94.175.135	74.151.475
Notes payable	715.121	9.255.272
<b>Total</b>	<b><u>94.890.256</u></b>	<b><u>83.406.747</u></b>

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**11 OTHER RECEIVABLES AND PAYABLES**

**Other receivables - current**

As at 31 December 2016 and 31 December 2015, other current receivables other than due from related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Deposits and advances given	4.610.022	3.487.396
Receivables from subsidiaries' and joint ventures' other shareholders	555.940	586.879
Tax returns	6.592.811	2.256.712
Other	3.895.806	1.199.610
<b>Total</b>	<b><u>15.654.579</u></b>	<b><u>7.530.597</u></b>

**Other receivables non-current**

As at 31 December 2016 and 31 December 2015, other non-current receivables other than due from related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Reimbursement of payments related to Baskent Dogalgaz lawsuit (Note 19)	58.665.064	48.469.692
Deposits and advances given	3.206.057	3.947.344
Receivables from Ada Metal	4.312.365	4.312.365
Other	9.359.560	5.029.659
<b>Total</b>	<b><u>75.543.046</u></b>	<b><u>61.759.060</u></b>

**Short-term other payables**

At 31 December 2016 and 31 December 2015, short-term payables other than due to related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Due to subsidiaries' and joint ventures' other shareholders	5.942.980	12.265.897
Taxes payable	9.108.065	8.430.137
Tax amnesty obligations	1.560.225	-
Other	7.993.339	8.370.473
<b>Total</b>	<b><u>24.604.609</u></b>	<b><u>29.066.507</u></b>

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**11 OTHER RECEIVABLES AND PAYABLES (continued)**

**Other payables - long-term**

At 31 December 2016 and 31 December 2015, other long-term payables other than due to related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Consideration payable (*)	4.903.721	4.903.721
Deposits and advances given	6.030	771.340
Tax amnesty obligations	1.679.428	-
Other	7.688.054	5.496.759
<b>Total</b>	<b><u>14.277.233</u></b>	<b><u>11.171.820</u></b>

(\*) The consideration payable amount TL 4.903.721 comprised the balance after deducting TL 4.596.279 that is paid for the property, plant and equipment and TL 1.500.000 that is given as the first advance from the acquisition value of TL 11.000.000 with regards to acquisition of Straton Maden.

**12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR**

**Current receivables**

As at 31 December 2016 and 31 December 2015, current receivables from operations in finance sector other than due from related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Receivables from customers	29.594.698	41.543.216
Receivables from money market	16.269.000	17.316.000
Doubtful receivables	1.524.229	1.316.097
Allowance for doubtful receivables	(1.524.229)	(1.316.097)
Other trade receivables	312.418	1.988.112
<b>Total</b>	<b><u>46.176.116</u></b>	<b><u>60.847.328</u></b>

**Short-term liabilities**

As at 31 December 2016 and 31 December 2015, short-term liabilities due to operations in finance sector other than due to related parties comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Payables to money market	45.817.001	52.302.243
Payables to customers	3.082.450	2.293.374
Payables to suppliers	3.219.144	2.800.669
Other	797.426	2.709.600
<b>Total</b>	<b><u>52.916.021</u></b>	<b><u>60.105.886</u></b>



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**13 INVENTORIES**

As at 31 December 2016 and 31 December 2015, inventories comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Trading properties	18,867.513	20.020.061
Raw materials (*)	60,158.873	37,137.173
Commercial goods (**)	10,885.277	10,532.408
Provision for inventories (**)	(10,131.158)	(10,131.158)
Other	2,283.585	1,925.183
<b>Total</b>	<b><u>82,064,090</u></b>	<b><u>59,483,667</u></b>

(\*) Bulk of inventories for raw materials comprised of inventories held by the companies which operated in gas/ power/mining investments of the Group.

(\*\*) As at 31 December 2016 and 31 December 2015 commercial goods and provision for inventories amounting to TL 9.435.881 consists of asphaltite stocks of Geliş Madencilik.

The details of trading properties as follows :

	<u>31 December 2016</u>	<u>31 December 2015</u>
Balance at the beginning	20,020,061	23,469,541
Additions	7,636,400	5,879,961
Disposals	(8,788,948)	(9,329,441)
	<b><u>18,867,513</u></b>	<b><u>20,020,061</u></b>

As at 31 December 2016 and 31 December 2015, the Group's land classified as inventory composed of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli. They were transferred from investment property to inventories in 2011. The land is located in Denizli, Plot 6224, Parcel numbered 1.

For the year ended 31 December 2016 additions consist of expenses for office project amounting to TL 7.564.621 and fines paid with regards to 3rd Bloks amounting to TL 71.779.

For the year ended 31 December 2015 additions consist of expenses for office project amounting to TL 4.021.394 and fines paid with regards to 3rd Bloks amounting to TL 1.858.567.

As at 31 December 2016 and 31 December 2015, the mortgage or pledge on the inventory of the Group is explained in Note 20.

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#### 14 PREPAYMENTS AND DEFERRED INCOME

##### Prepayments-current

As at 31 December 2016 and 31 December 2015, current prepayments comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Prepaid expenses (*)	9.732.925	14.186.364
Other advances given(**)	25.609.335	24.851.767
Order advances given for inventories	828.419	5.065.255
Other	5.959.768	4.991.347
<b>Total</b>	<b><u>42.130.447</u></b>	<b><u>49.094.733</u></b>

##### Prepayments-non current

As at 31 December 2016 and 31 December 2015, non-current prepayments comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Advances given (**)	29.670.917	16.583.887
Prepaid expenses (*)	12.024.645	14.080.681
Other	1.383.693	1.598.056
<b>Total</b>	<b><u>43.079.255</u></b>	<b><u>32.262.624</u></b>

(\*) As at 31 December 2016 and 31 December 2015, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.

(\*\*) As at 31 December 2016 and 31 December 2015, the major part of current and non-currents advances given comprises of advances given for developing projects of the Group for energy, mining and port operation investments.

##### Deferred income-short term

As at 31 December 2016 and 31 December 2015, short-term deferred income comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Advances received (*)	12.264.058	7.668.435
Deferred income	3.098.728	2.626.303
Other	99.487	57.390
<b>Total</b>	<b><u>15.462.273</u></b>	<b><u>10.352.128</u></b>

(\*) The major part of advances received comprises of advances received for third block sales of residence project of Sümerpark Residences and sales of Sky City office project which constructions are still in progress.

##### Deferred income-long term

As at 31 December 2016 and 31 December 2015, long-term deferred income comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Deferred income	1.570.136	269.000
<b>Total</b>	<b><u>1.570.136</u></b>	<b><u>269.000</u></b>

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**15 INVESTMENT PROPERTY**

Movements of investment property during the year ended 31 December 2016 and 2015 are as follows:

	1 January 2016	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2016
Construction in progress	13.110.000	-	215.000	-	-	13.325.000
Operating investment property	361.802.000	-	1.159.719	-	38.036.531	400.998.250
<b>Total</b>	<b>374.912.000</b>	<b>-</b>	<b>1.374.719</b>	<b>-</b>	<b>38.036.531</b>	<b>414.323.250</b>

	1 January 2015	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2015
Construction in progress	76.509.453	71.780.760	7.660.728	(142.840.941)	-	13.110.000
Operating investment property	169.765.000	-	45.902.277	131.346.861	14.787.862	361.802.000
<b>Total</b>	<b>246.274.453</b>	<b>71.780.760</b>	<b>53.563.005</b>	<b>(11.494.080)</b>	<b>14.787.862</b>	<b>374.912.000</b>

(\*) Sky City office project has been constructing upon land in Denizli which includes also Sümerpark AVM. As at 31 December 2015, the fair value of office land is determined according to the share of offices and classified from investment property to inventories. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms, so classified to operating investment property.

Investment property consists of Sümerpark AVM, Van AVM and school and lands in Denizli.

The project which is to be realized upon the land of the Group located in Denizli/Turkey includes a shopping mall, residential flats, a hotel and a hospital.

**Operating investment property– Sümerpark Shopping Mall (“Sümerpark AVM”)**

As at 31 December 2016 and 31 December 2015, the fair values of the Sümerpark Shopping Mall are presented below:

	2016		2015	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Sümerpark AVM	30 December 2016	159.978.000	31 December 2015	159.978.000
		<b>159.978.000</b>		<b>159.978.000</b>

*Denizli Sümerpark AVM*

Investment properties consist of Sumerpark Shopping Mall which has been officially opened on 12 March 2011.

As at 31 December 2016, there is an insurance amounting to TL 146.560.520 on investment properties of the Group (31 December 2015 : TL 146.560.520).

As at 31 December 2016 and 2015, Sumerpark Shopping Mall is pledged as collateral according refinance loans amounting to TL 35.000.000.

Within the scope of the project, there is a 1<sup>st</sup> degree pledge on independent plots of B,C,D blocks located Merkezefendi located in Denizli plot #6226, plot M22A22B2D, parcel #1 amounting to TL 36.000.000.

As of 31 December 2016 and 2015, the supermarket within the shopping center is registered as the lessee in the land registry records for 20 years.

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**15 INVESTMENT PROPERTY (continued)**

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 31 December 2016, the fair value of the Sümerpark Shopping Mall has been determined as TL 159.978.000 by using the cost value approach method. The cost value approach method determined by the value of land and the current status of constructional investments on the value of land. In accordance with the valuation, the fair value of land has been determined as TL 35.736.000 (31 December 2015: TL 35.736.000) and constructional investments on land has been determined as TL 124.242.000 (31 December 2015: TL 124.242.000).

As at 31 December 2016, the changes in fair value of Sumerpark Shopping Mall has been accounted under other operating expense.

**Operating investment property– Van Shopping Mall ("Van AVM")**

	2016		2015	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Van Shopping Mall	9 January 2017	219.390.250	19 January 2016	180.829.000
		<b>219.390.250</b>		<b>180.829.000</b>

As at reporting date, the Group has 16.611 m<sup>2</sup> area of land in Van province of Turkey acquired for the purpose of capital appreciation, which completed construction and officially opened in 2015 and classified to investment property.

The fair value of the Van Shopping Mall as at 31 December 2016 and as at 31 December 2015 the fair value of land where constructed of Van Shopping Mall has been determined according to the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB. In accordance with the expertise reports dated 9 January 2017, the fair value of Van Shopping Mall has been determined as TL 219.390.250 by using the weighted average of cost based and income capitalization method. In accordance with the expertise reports dated 19 January 2016, the fair value of the land has been determined as TL 180.829.000 by using the value based on the market approach method.

As explained in Note 19, a conciliation protocol was signed between the Group and Municipality with respect to withdrawing lawsuits and operating the project based on the decisions of Van City Council and related conciliation commission on 5 July 2014. According to the conciliation protocol, ownership of the property belongs to the Group and the project is started to actualize based on the fulfilment of the certain conditions specified in the protocol (Note 22). As at reporting date contractor companies progress payments has not been finalized regarding to construction of Van Shopping Mall and recognized accrued liabilities for contractor companies which explained in Note 22.

As at 31 December 2016 and 31 December 2015, on Van Shopping Mall there is a pledge amounting to USD 50.000.000 related with the loans. In addition there is a pledge on Global Ticari Emlak shares owned by the Group with a nominal value of TL 38.600.000.

As at 31 December 2016 and 31 December 2015, the changes in fair value of Van Shopping Mall has been accounted under other operating expense.

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**15 INVESTMENT PROPERTY (continued)**

**School and Land**

The fair values of the land plots of the Group are presented in the table below:

	2016		2015	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Land (Hotel and hospital)	9 February 2017	13.325.000	31 December 2015	13.110.000
Denizli Land (School)	9 February 2017	21.630.000	31 December 2015	20.995.000
		<b>34.955.000</b>		<b>34.105.000</b>

These land plots of the Group in Denizli include the plots on which the Group plans to build residential flats, a hospital and a hotel and is located in Denizli Sümer Mahallesi. The land plot, located in Denizli, Plot # 6224 Parcel # 1 is allocated to a residential flat project. This plot has been transferred to inventory in 2011 as the construction of the residential units project started in 2011. The land plots, located in Denizli, Plot #6227 Parcel 1 and Plot #6225 Parcel 1 will include the hospital and hotel projects.

As at 31 December 2016, the fair values of these land plots have been determined according to the valuation reports dated 9 February 2017 (using the market approach method) prepared by an independent real estate appraisal company, which has the authorization licence of CMB.

As at 31 December 2015, the fair values of the aforementioned land plots have been determined according to the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB based on the report dated 31 December 2015 (using the market approach method).

The Group has made a lease agreement with Final Okulları to operate a school building on the land plot of the Group located in Denizli #6225 Parcel 1 with respect to Sümerpark Multicomponent Project which functions as a shopping mall, flats, a hospital, a hotel and a school and carried out by a subsidiary of the Group, PERA in Denizli. According to the agreement, Final Okulları has a right to operate on the land plot mentioned above as a school for fifteen years. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms.

As at 31 December 2016 the fair value of investment properties is in the scope of level 2 based on the methods used for valuation.

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**16 PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the year ended 31 December 2016 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
<b>1 January 2016</b>										
Cost	12.706.122	27.881.354	78.732.240	185.857.787	77.430.729	104.658.055	204.925.912	386.811	50.188.276	742.767.286
Accumulated depreciation	-	(165.994)	(8.777.647)	(75.632.035)	(22.880.948)	(28.560.508)	(42.924.814)	(316.780)	-	(179.258.726)
<b>Carrying value</b>	<b>12.706.122</b>	<b>27.715.360</b>	<b>69.954.593</b>	<b>110.225.752</b>	<b>54.549.781</b>	<b>76.097.547</b>	<b>162.001.098</b>	<b>70.031</b>	<b>50.188.276</b>	<b>563.508.560</b>
<b>Additions</b>	386.616	454.767	2.078.032	19.245.238	18.818.922	12.945.720	5.581.023	14.219	110.209.307	169.733.844
Current period depreciation	-	(957.727)	(2.937.925)	(17.929.941)	(11.810.757)	(10.073.647)	(10.752.314)	(10.588)	-	(54.472.899)
Disposals	(677.115)	(36.029)	(945.159)	(1.372.939)	(2.562.115)	(1.453.780)	-	-	(280.208)	(7.327.345)
Transfer	265.223	269.307	3.802.739	23.983.590	-	12.865.922	3.497.892	-	(40.454.096)	4.230.577
Foreign currency translation differences	498.901	2.175.259	11.322.317	18.362.198	11.563.705	(305.803)	26.101.252	16.121	6.051.471	75.785.421
Addition to scope of consolidation (i)	-	-	-	106.620	4.354	46.104	690.899	-	2.193.986	3.041.963
<b>Carrying value at the end of the period</b>	<b>13.179.747</b>	<b>29.620.937</b>	<b>83.274.597</b>	<b>152.620.518</b>	<b>70.563.890</b>	<b>90.122.063</b>	<b>187.119.850</b>	<b>89.783</b>	<b>127.908.736</b>	<b>754.500.121</b>
<b>31 December 2016</b>										
Cost	13.179.747	30.744.658	94.990.169	246.182.494	105.255.595	128.756.218	240.796.978	417.151	127.908.736	988.231.746
Accumulated depreciation	-	(1.123.721)	(11.715.572)	(93.561.976)	(34.691.705)	(38.634.155)	(53.677.128)	(327.368)	-	(233.731.625)
<b>Carrying value</b>	<b>13.179.747</b>	<b>29.620.937</b>	<b>83.274.597</b>	<b>152.620.518</b>	<b>70.563.890</b>	<b>90.122.063</b>	<b>187.119.850</b>	<b>89.783</b>	<b>127.908.736</b>	<b>754.500.121</b>

(i) Includes the property, plant and equipments of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

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**16 PROPERTY, PLANT AND EQUIPMENT (continued)**

Movements of property, plant and equipment for the year ended 31 December 2015 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
<b>1 January 2015</b>										
Cost	12.387.274	25.032.382	69.968.275	151.546.401	64.508.397	88.493.161	101.189.099	372.010	12.534.635	526.031.634
Accumulated depreciation	-	(106.323)	(5.384.242)	(61.693.340)	(14.395.937)	(19.378.544)	(36.029.412)	(2.503)	-	(136.990.301)
<b>Carrying value</b>	<b>12.387.274</b>	<b>24.926.059</b>	<b>64.584.033</b>	<b>89.853.061</b>	<b>50.112.460</b>	<b>69.114.617</b>	<b>65.159.687</b>	<b>369.507</b>	<b>12.534.635</b>	<b>389.041.333</b>
<b>31 December 2015</b>										
Additions	-	41.504	667.089	16.996.816	5.080.890	6.227.223	4.105.880	6.980	53.366.553	86.492.935
Current period depreciation	-	(59.671)	(3.393.405)	(13.938.695)	(8.485.011)	(9.181.964)	(6.895.402)	(314.277)	-	(42.268.425)
Disposals	-	-	-	(596.206)	(429.121)	(1.182.203)	-	-	(64.383)	(2.271.913)
Transfer	-	24.720	1.806.678	7.578.256	(5.925)	6.105.604	3.901.838	-	(20.291.285)	(880.114)
Foreign currency translation differences	318.848	2.782.748	6.290.198	9.961.564	8.250.766	1.207.858	14.131.409	7.821	2.204.384	45.155.596
Acquisition through business combination (i)	-	-	-	370.956	25.722	3.806.412	81.597.686	-	2.438.372	88.239.148
<b>Carrying value at the end of the period</b>	<b>12.706.122</b>	<b>27.715.360</b>	<b>69.954.593</b>	<b>110.225.752</b>	<b>54.549.781</b>	<b>76.097.547</b>	<b>162.001.098</b>	<b>70.031</b>	<b>50.188.276</b>	<b>563.508.560</b>
<b>31 December 2015</b>										
Cost	12.706.122	27.881.354	78.732.240	185.857.787	77.430.729	104.658.055	204.925.912	386.811	50.188.276	742.767.286
Accumulated depreciation	-	(165.994)	(8.777.647)	(75.632.035)	(22.880.948)	(28.560.508)	(42.924.814)	(316.780)	-	(179.258.726)
<b>Carrying value</b>	<b>12.706.122</b>	<b>27.715.360</b>	<b>69.954.593</b>	<b>110.225.752</b>	<b>54.549.781</b>	<b>76.097.547</b>	<b>162.001.098</b>	<b>70.031</b>	<b>50.188.276</b>	<b>563.508.560</b>

(ii) Includes the property, plant and equipments of Global Europe BV and its subsidiaries and Eczacıbaşı Portföy Yönetimi A.Ş included in the scope of consolidation by the Group.

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 16 PROPERTY, PLANT AND EQUIPMENT (continued)

According to the transfer of operational rights agreements ("TOORA") of Ege Liman, Port of Bar, Barcelona Port, VCP and Ortadoğu Liman, subsidiaries of the Group and the Build-Operate-Transfer ("BOT") tender agreement of Bodrum Liman, at the end of the agreement periods, fixed assets with their capital improvements will be returned as running, clean, free of any liability and free of charge.

Pledges on the property, plant and equipment related to loans are presented in Note 9.

Other mortgage and pledges related to property plant and equipment are presented in Note 20.

As at 31 December 2016 and 31 December 2015, the carrying values of the leased assets in property, plant and equipment are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Furniture and fixtures	19.212.389	37.310.368
Motor vehicles	17.844.510	53.510.157
Machinery, plant and equipments	54.559.917	8.181.541
Land improvements	8.810.349	8.545.125
	<u><u>100.427.165</u></u>	<u><u>107.547.191</u></u>

The depreciation expenses related to the Group's property, plant and equipment are accounted for under the cost of sales and general administrative expenses in the consolidated statement of profit or loss and other comprehensive income (Note 25.2).



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**17 INTANGIBLE ASSETS AND GOODWILL**

**a) Intangible assets:**

Movements of intangible assets for the year ended 31 December 2016 is as follows:

	Rights	Software	Port operation rights (i)	Customer relationships	Royalty rights	HEPP License	Natural gas licenses	Other intangible assets	Total
<b>1 January 2016</b>									
Cost	12.479.700	1.658.990	1.615.914.099	9.706.654	113.767.589	50.672.736	78.201.341	847.567	1.883.248.676
Accumulated amortization	(8.209.230)	(1.202.855)	(276.593.184)	(5.389.763)	(27.432.125)	-	(7.351.120)	(10.603)	(326.188.880)
<b>Carrying value</b>	<b>4.270.470</b>	<b>456.135</b>	<b>1.339.320.915</b>	<b>4.316.891</b>	<b>86.335.464</b>	<b>50.672.736</b>	<b>70.850.221</b>	<b>836.964</b>	<b>1.557.059.796</b>
<b>Additions</b>	<b>3.131.997</b>	<b>1.425.016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.367</b>	<b>4.600.380</b>
Current period amortization	(922.720)	(488.923)	(90.415.452)	(958.794)	(10.536.181)	-	(3.090.774)	(273.260)	(106.686.104)
Transfers	(3.364.767)	-	-	-	-	-	-	(865.810)	(4.230.577)
Diposals	(702.825)	-	-	-	-	-	-	(1.386)	(704.211)
Addition to scope of consolidation (i)	1.870	-	414.169	-	-	-	-	14.019	430.058
Foreign currency translation differences	394.050	1.581.829	243.549.642	618.172	13.297.980	-	-	223	259.441.896
<b>Carrying value at the end of the period</b>	<b>2.808.075</b>	<b>2.974.057</b>	<b>1.492.869.274</b>	<b>3.976.269</b>	<b>89.097.263</b>	<b>50.672.736</b>	<b>67.759.447</b>	<b>(245.883)</b>	<b>1.709.911.238</b>
<b>31 December 2016</b>									
Cost	11.940.025	4.665.835	2.016.357.313	10.324.826	127.065.569	50.672.736	78.201.341	37.980	2.299.265.625
Accumulated amortization	(9.131.950)	(1.691.778)	(523.488.038)	(6.348.557)	(37.968.306)	-	(10.441.894)	(283.863)	(589.354.386)
<b>Carrying value</b>	<b>2.808.075</b>	<b>2.974.057</b>	<b>1.492.869.274</b>	<b>3.976.269</b>	<b>89.097.263</b>	<b>50.672.736</b>	<b>67.759.447</b>	<b>(245.883)</b>	<b>1.709.911.238</b>

(i) Includes the intangible assets of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

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**17 INTANGIBLE ASSETS AND GOODWILL (continued)**

**a) Intangible assets (continued):**

Movements of intangible assets for the year ended 31 December 2015 is as follows:

	Rights	Software	Port operation rights (İ)	Customer relationships	Royalty rights	HEPP License	Naturel gas licenses	Other intangible assets	Total
<b>1 January 2015</b>									
Cost	9,308,745	1,286,953	1,242,159,995	8,706,517	107,387,233	50,672,736	71,430,575	-	1,490,952,754
Accumulated amortization	(7,285,800)	(660,561)	(198,501,553)	(4,534,641)	(15,861,500)	-	(4,239,779)	-	(231,083,834)
<b>Carrying value</b>	<b>2,022,945</b>	<b>626,392</b>	<b>1,043,658,442</b>	<b>4,171,876</b>	<b>91,525,733</b>	<b>50,672,736</b>	<b>67,190,796</b>	<b>-</b>	<b>1,259,868,920</b>
<b>Additions</b>	2,730,498	465,251	-	-	-	-	6,770,766	10,151	9,976,666
Current period amortization	(923,430)	(542,294)	(78,091,631)	(855,122)	(11,570,625)	-	(3,111,341)	(10,603)	(95,105,046)
Transfers	72,361	-	-	-	-	-	-	807,753	880,114
Addition to scope of consolidation (İ)	279,049	-	183,581,260	-	-	-	-	15,341	183,875,650
Foreign currency translation differences	89,047	(93,214)	190,172,844	1,000,137	6,380,356	-	-	14,322	197,563,492
<b>Carrying value at the end of the period</b>	<b>4,270,470</b>	<b>456,135</b>	<b>1,339,320,915</b>	<b>4,316,891</b>	<b>86,335,464</b>	<b>50,672,736</b>	<b>70,850,221</b>	<b>836,964</b>	<b>1,557,059,796</b>
<b>31 December 2015</b>									
Cost	12,479,700	1,658,990	1,615,914,099	9,706,654	113,767,589	50,672,736	78,201,341	847,567	1,883,248,676
Accumulated amortization	(8,209,230)	(1,202,855)	(276,593,184)	(5,389,763)	(27,432,125)	-	(7,351,120)	(10,603)	(326,188,880)
<b>Carrying value</b>	<b>4,270,470</b>	<b>456,135</b>	<b>1,339,320,915</b>	<b>4,316,891</b>	<b>86,335,464</b>	<b>50,672,736</b>	<b>70,850,221</b>	<b>836,964</b>	<b>1,557,059,796</b>

(İ) Includes the intangible assets of Global Europe BV and its subsidiaries and Eczacıbaşı Portföy Yönetimi A.Ş. included in the scope of consolidation by the Group.

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 17 INTANGIBLE ASSETS AND GOODWILL (continued)

##### b) Goodwill:

During the years ended 31 December 2016 and 31 December 2015, movement of goodwill is as follows:

	2016	2015
Carrying value as at 1 January	56.242.758	46.553.027
Additions (*)	7.425.528	2.118.800
Currency translation differences	7.865.436	7.570.931
Carrying value as at 31 December	<u>71.533.722</u>	<u>56.242.758</u>

(\*) As at 31 December 2016 additions comprise of goodwill arise from acquisition of Port Operation Holding S.r.l. As at 31 December 2015 additions comprise of goodwill arise from acquisition of Actus Portföy Yönetimi A.Ş. (formerly named was Polsan Portföy Yönetimi A.Ş.).

The distribution of the goodwill according to the segments as at 31 December 2016 and 31 December 2015 is as follows:

Distribution by segments	31 December 2016	31 December 2015
Port Operations	52.683.934	29.822.040
Finance	12.137.491	10.018.691
Real Estate	6.712.297	6.712.296
Total	<u>71.533.722</u>	<u>46.553.027</u>

Basic assumptions used in each segment for the purpose of impairment testing are as following:

##### Port operations:

As at 31 December 2016, the Group has carried USD 12.860.425 (TL 45.258.408) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2015: TL 37.392.972).

As at 31 December 2016 and 2015, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts based on financial budgets of the subsidiary are prepared up to the end of the port usage rights, which is 2033. The basic assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. As at 31 December 2016 and 2015, interest rates of 11% is used for discounting future cash flows, respectively, 9,7 % considered as average EBIDTA growth rate.

##### Finance operations:

The Group tested impairment of assets of Global Menkul in order to test the goodwill amounting to TL 10.018.691 as at 31 December 2016 and 2015 recognized in the consolidated financial statements. The Group compared the amount of goodwill with the value in use of cash generating unit and has concluded that there is no impairment. These calculations are based on the cash flows derived from the financial budget for five years approved by the management. Cash flows used to calculate value in use are prepared in TL over 5 year budget. 13% discounted rate is used for discounting future cash flows.

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**17 INTANGIBLE ASSETS AND GOODWILL (continued)**

**b) Goodwill:**

**Real estate operations:**

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.296 as at 31 December 2016 and 2015. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa, from the Government of Northern Cyprus in order to build hotels, villas and apartments for the Holiday Village project on the leased land. As at the reporting date, the construction has not been started on leased land, because the expropriation studies have not been completed. As at 31 December 2016 and 2015, the fair value of this leased land is obtained from the appraisal reports prepared by an independent real estate appraisal company. The real estate appraisal company, which is authorized by CMB, uses market approach by reference to market prices of similar properties in the market to determine the fair value and concluded that the fair value of the property is TL 12.750.000 (31 December 2015: TL 12.750.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

**18 EQUITY ACCOUNTED INVESTEEES**

As at 31 December 2016 and 31 December 2015, the details of financial statements related to equity accounted investees are as follows:

	Effective	Effective	Carrying value	
	voting power	ownership held	31 December 2016	31 December 2015
<b>Assets</b>				
Port of Singapore	40,00%	22,11%	5.582.371	2.920.367
Port of Lisbon	50,00%	41,19%	23.898.054	16.348.036
Venezia(**)	25,00%	22,29%	30.807.943	-
Axel Corporation Grupo Hotelero SL (***)	15,00%	15,00%	7.376.514	-
La Spezia	30,00%	25,00%	129.990	-
<b>Total Assets</b>			<b>67.794.872</b>	<b>19.268.403</b>
<b>Liabilities</b>				
IEG (*)	50,00%	39,00%	(566.722)	(391.687)
<b>Total Liabilities</b>			<b>(566.722)</b>	<b>(391.687)</b>
			<b>67.228.150</b>	<b>18.876.716</b>

(\*) Since the Group will compensate the liabilities of IEG based on its shareholding rates, the Group recognized a loss on IEG's financial statements under liabilities related to the equity accounted investees.

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

(\*\*\*) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.

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**18 EQUITY ACCOUNTED INVESTEEES (continued)**

	2016	2015
<b>Balance at the beginning of the period (1 January)</b>	<b>18.876.716</b>	<b>4.232.506</b>
Net profit (loss)	7.279.347	2.594.661
Currency translation differences	2.757.640	726.204
Capital increase	-	13.902.000
Sale of equity accounted investee (Note 27)	-	(2.578.655)
Addition to scope of consolidation	38.314.447	-
<b>Balance at the end of the period (31 December)</b>	<b>67.228.150</b>	<b>18.876.716</b>

31 December 2016	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expenses	Net Profit/Loss for the period
IEG	507.529	8.875	516.404	(1.649.848)	-	(1.649.848)	127.201	(468.322)	(341.121)
Port of Lisbon	22.095.564	33.801.142	55.896.706	(8.100.598)	-	(8.100.598)	15.714.273	(9.869.723)	5.844.550
Port of Singapore	26.141.088	10.459.085	36.600.173	(14.502.467)	(8.141.779)	(22.644.246)	31.273.461	(26.653.591)	4.619.870
Venezia Investimenti	6.011.280	117.761.231	123.772.511	(540.741)	-	(540.741)	8.452.261	(713.925)	7.738.336
Axel Corporation Grupo Hotelero SL	20.852.669	40.187.180	61.039.849	(9.031.024)	(2.832.067)	(11.863.092)	53.618.131	(48.650.786)	4.967.345
La Spezia	433.304	-	433.304	-	-	-	-	-	-

  

31 December 2015	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expense	Net Profit/Loss for the period
IEG	737.171	6.830	744.001	(1.552.673)	-	(1.552.673)	2.201.250	(661.718)	1.539.532
Port of Lisbon	6.822.572	31.499.333	38.321.905	-	(5.625.833)	(5.625.833)	8.516.966	(6.005.014)	2.511.952
Port of Singapore	11.136.101	11.090.060	22.226.161	(8.425.133)	(6.500.108)	(14.925.242)	22.536.095	(21.113.798)	1.422.297

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**19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**19.1 Other short term provisions**

	<u>31 December 2016</u>	<u>31 December 2015</u>
Provision for lawsuits	5.460.285	5.358.449
Provision for consultancy expenses	3.818.716	1.016.620
	<u>9.279.001</u>	<u>6.375.069</u>

**Other Long-term Provisions**

	<u>31 December 2016</u>	<u>31 December 2015</u>
Replacement provisions for Creuers	47.464.473	33.762.103
Restructing provisions for Port of Bar	4.822.870	7.463.554
	<u>52.287.343</u>	<u>41.225.657</u>

(\*) The Group have made a commitment amounting to TL 15.687.965 based on the share transfer agreement regarding with purchasing of Port of Bar and began to fulfill the commitments in 2014, as at 31 December 2016 the remaining amount related to commitment is TL 4.822.870. As at 31 December 2016 the Group has recognized provision amounting to TL 47.464.473 for renovations and widescale repairments in compliance with TOORA Contract related to the acquisition of Barcelona Port.

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**19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES***(continued)*

**19.2 Legal issues**

There are lawsuits pending that have been filed against or by the Group. These lawsuits primarily include the labor and debt cases. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for those possible earnings and liabilities. The amount of provision that has been accounted for is stated in Note 19.1. The information related with the significant lawsuits that the Group is directly or indirectly a party is as follows:

- (i) The Constitutional Court passed a decision on 6 June 2013 governing the cancellation of the phrase "...except for specific arrangements..." included in the Provisional Article 8 that has been added to the Law No: 4706 amending the contractual terms of agreements regarding easement rights or utilization rights concerning the immovable that are fully owned by the state or private properties of the Treasury, the terms of which are shorter than 49 years, to be extended to 49 years starting from the validity of the relevant agreements.

Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz"), Ege Liman İşletmeleri A.Ş. ("Ege Ports") and Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Cruise Port") filed their applications regarding extension of the operation periods of the ports in accordance with the cancellation decision of the Constitutional Court and the applicable legislation, to the relevant authorities. However, each application was rejected by the authorities. Port Akdeniz, Ege Ports and Bodrum Cruise Port filed lawsuits at the competent administrative courts.

The cases taken to the courts by Ege Liman and Port Akdeniz had been rejected and the Group lawyers appealed the rejection decisions. On appeal, the Council of State reversed the lower court's judgement and allowed the extension of the concession agreement related to Ege Liman. The Privatization Administration applied to the Council of State for reversal of this judgement and the case is pending. Port Akdeniz's lawsuits were rejected at first instance court and were appealed by the Group. The case is pending before the Council of State.

On the other hand, Bodrum Cruise Port's objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication had been cancelled in favor of Bodrum Cruise Port. The Ministry had appealed the court of first instance's decision with a stay of execution request which was rejected. The case is still pending before the Council of State.

- (ii) The employees of Bar Port in Montenegro have filed number of cases with the local courts for the purposes of their claims arising from the Collective Agreement that was signed in 2009, that are related to (i) the period (2011 - 2014) before the handover of the port to Global Ports and (ii) alleged underpaid wages and other rights as of beginning of 2014. In one of these cases, the Basic Court, with its decision resolved that the Collective Agreement is not valid, which is in favor of Global Ports; and rejected the case and the decision became final. In another case, despite this final decision, the court resolved that the Collective Agreement is valid, which was then appealed by the Company in the Higher Court level. Remainder of the cases is still pending.

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#### 19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

##### 19.2 Legal issues *(continued)*

- (iii) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. On 4 January 2008 a trustee had been appointed for the subsidiary's management and the subsidiary was therefore excluded from the consolidated accounts. On 2 March 2010, the court decided on return of shares on a free of charge basis to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. Although the decision was overruled the first instance court decision was against the Group and the judgment became final on 03 March 2016. The shares that are subject matter of the case was transferred to a foreign company in the course of court hearings and examinations in 2015. On the other hand, the Group has filed counter claims in order to collect the expenditure made for the purposes of the project against the partners on 21 April 2016 and the cases are still pending
- (iv) In the lawsuits filed with Adana Court of First Instance, plaintiffs stated that in the period the Company operated as a brokerage house (2003) their money and stocks were transferred to other accounts by the ex-worker of Global Menkul and claimed a compensation regarding money stocks and interest from Global Menkul (recently Global Yatırım Holding as the title changed). The Group has performed a risk assessment regarding the cases and allocated a provision amounting to TL 554.134 for the cases.
- (v) GYH and Global Liman were part of a consortium which participated in the tender process relating to the privatization of İzmir Port. The joint venture in which the Group also attended placed as the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Plaintiffs appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group, on behalf of the joint venture partnership participating in the tender, requested an extension from the PA to complete the privatization by 15 April 2010. The PA granted a 45-day extension on 10 November 2009, permitting the joint venture to complete the privatization by 24 December 2009. Pursuant to the terms of the tender, on 7 January 2010 the PA cancelled the tender and called the USD 15 million bid bond provided by GYH and its joint venture partners during the bid process. On 8 January 2010, the Group deposited USD 6.900.000 in escrow, its portion of the bid bond, and on 12 January 2010 the PA received the bid bond in full from all joint venture partners. Following forfeiture of the bid bond, the Group and its joint venture partners fulfilled all of their obligations to the PA in connection with the tender.

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond issued by Bank Asya numbered 308099 and dated 29 March 2007 with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. The expert, in the report, has the opinion that Group's request was rightful. The defendant, Privatization Administration, made an objection to the Report. Although the latter expert report has also represented in favor of the Group, the Group has requested for correction of the expert report due to insufficient examination. The Court dismissed the lawsuit and the lawsuit has been appealed by the Group.



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#### **19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

##### **19.2 Legal issues (continued)**

- (vi) On 14 March 2008 the joint venture ("JV") consisting of Energaz and GYH placed the highest bid USD 1.610.000.000 for the tender relating to the privatization of the shares of "Başkent Doğalgaz Dağıtım A.Ş." owned by the Municipality of Ankara via the block sale method. STFA Yatırım Holding A.Ş. and ABN Amro Infrastructure Capital Management Ltd. (newly named "Eiser Infrastructure Limited") also became members of the JV. As the information in relation to Başkent Doğalgaz Dağıtım A.Ş. within the tender specifications was misleading the shares of Başkent Doğalgaz Dağıtım A.Ş. were not transferred to the JV. As the procedure was continuing, the Municipality applied to the guarantor bank to enable the liquidation of the USD 50.000.000 Letter of Guarantee, procured from Asya Katılım Bankası A.Ş by the Consortium, submitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

The Group filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification. The Group also requested an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the Thirteenth Chamber of Council of State. The Thirteenth Chamber of Council of State rejected the request for a stay for execution. The Group appealed and the Administrative Division of the High Council of the State overturned the rejection on 8 July 2010. At this point, 13th Chamber of Council of State completed the parts which were missed before. Afterwards, 13th Chamber of Council of State dismissed the case and the judgement of dismissal received on 4 August 2014. The decision has been appealed in due of time by the Group lawyers on 2 September 2014. The Chamber of Council of State approved the decision and it was notified on 28 July 2016. Request of rectification has been submitted in due of time by the Group lawyers and currently it is being waited to be sent by Pleanary Session of the Administrative Law Chamber.

On 2 July 2009, a decision of the Turkish High Council of Privatization Administration was published in the Official Gazette. Accordingly, the Privatization Administration shall be in charge in order to conduct and finalize the privatization process of the Başkentgaz shares as at the date of the decision as the Municipality could not close the tender in the two years period according to the Law No.4046. Thus, the Turkish Privatization Administration finalized the privatization process of the Başkentgaz shares by means of making several tenders in 2014.

In the meantime Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") initiated an execution process in accordance with the Article 79 of the Collection of the Public Receivables Act No. 6183 against the Municipality. As a precautionary measure, the Group applied to Beyoğlu Commercial Court to prevent the liquidation of the Letter of Guarantee amounting to USD 50.000.000. The court issued a precautionary measure for 15% of the collateral of the Letter of Guarantee which prevented the liquidation. The Municipality raised an objection against the measure, which was rejected by the Court.

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### 19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

#### 19.2 Legal issues (continued)

Continuing with their precautionary measure, a lawsuit was filed by the Group against the Ankara Metropolitan Municipality and BOTAŞ before the First Chamber of the Beyoğlu Commercial Court claiming to dissolve the discrepancy for the payment of the bid amount and the restitution of the Letter of Guarantee. The court decided that it is not a competent court to conduct the case and that Ankara courts were the most appropriate forum for the litigation. The guarantor bank requested an intervention in the lawsuit, which was then approved by the Court. The court additionally allowed the plaintiff to file a separate lawsuit against the PA and enabled this separate lawsuit to be combined with the pending lawsuit. Upon this order, the Consortium filed another lawsuit against the PA, as it became the competent authority to conduct the privatization process. The court decided to combine this lawsuit with the pending lawsuit which is behind Ankara 3rd Chamber Commercial Court.

The file has been sent to a three person expert commission for detailed examination on 17 January 2012. Commission declared in their report that the outcome of the Administrative Court case may be a prejudicial question however the Court, has not taken the objections to the Commission report into account and, rejected the case and cancelled the preliminary injunction on the Bid Bond on 26 February 2013. The Bid Bond amounting to USD 50.000.000.00 has been paid by the Group. The decision has been appealed. As a result of the appeal, the Supreme Court of Appeals acknowledged all objections and reversed the decision in favor of the Group. The defendant Municipality requested for the revision of decision and such revision request has been rejected by the Supreme Court. The file has been sent to Ankara 4th Chamber Commercial Court with the file number 2016/37 and been approved the remittitur and ruled an interim decision to wait the decision of the Chamber of Council of State. Following that the Group lawyers submitted a revocation petition in relation to that there is no reasoning to wait for the decision of the Chamber of Council of State. There is no ruling with regards to this submission of the Group lawyers so far. Next hearing will be held on 31 May 2017.

Briefly as at 31 December 2012, the Group allocated provision amounting to USD 50.000.000 (TL 89.130.000) under "provisions" in its consolidated financial statements. The reimbursement of the provisions is accounted for under "other receivables" as "reimbursement of provisions" amounting to USD 24.170.000 (TL 43.085.422) and a net amount of provision and reimbursement of the provision amounting to USD 25.830.000 (TL 46.044.558) is accounted for as provision expense under "finance costs" in the consolidated financial statements. As of 31 December 2013, since the liability have been paid, the receivables amounting to TL 51.586.031 (31 December 2014: TL 38.656.063) (Note 11) accounted as "reimbursement of payments" in the other receivables. As at 31 December 2014, the Group has come to agreement with the other partners of the Consortium, Enerya and STFA, and the related amount has been collected. The difference between the receivable arising from the recourse and the agreed amount, has been written off and expensed under finance costs in the amount of TL 9.379.317. (Note 30) As of 31 December 2015, USD 16.670.000 (TL 48.469.692) is accounted for under "other receivables" as "reimbursement of provisions" (31 December 2016 : TL 58,665,064).

On the other hand, the Municipality filed a lawsuit against the Company and Energaz before 4th Ankara Commercial Court on the date of 26 Mach 2013 in request for the compensation for unlawful preliminary injunction. The requested compensation amount is USD 10.000.000, save for the rights to surplus related to lawsuit, request and other damages especially interest income loss of the municipality and damages arising from forced loan, with accruing commercial interest as from 31 December 2008. The lawsuit petition and interim decision related to the lawsuit have been received on 7 May 2013. In the rebuttal petition dated 15 May 2013, the Group's lawyers claimed for nonsuit and requested for awaiting the finalization of the decision of the superior court by reason of the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before 4th Ankara Commercial Court numbered 2010/308 E. and the Thirteenth Chamber of Council of State numbered 2010/920 E. Besides, the Group's lawyers requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. The Court has decided to pend the filing until the decision of the file before the same Court with the file number of 2016/37 detailed above. Next hearing will be held on 31 May 2017.

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#### 19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

##### 19.2 Legal issues *(continued)*

(vii) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount. The expert report and the additional report has been received and the parties has raised objections to such reports. In the hearing held on 3 March 2014, it has been decided to be pended the filing until the decision of the file numbered 2010/920 before 13th Council of State. Since the lawsuit with the file numbered 2010/920 before 13th Council of State which is regarding the forfeiture of the letter of guarantee has been decided to be pended, interrelation with and the differences from the lawsuit have been indicated in the most recent petition. In the said petition, it has been stated that the decision taken by the Administrative Court has no defect evaluation for Global; and only has an defect evaluation for the JV, and therefore it has been defended that the interrelation of the parties are different and lawsuit must be approved without making it a pending issue. During the hearing held on 24 February 2016, the Court has removed the pending decision and rejected the lawsuit. The decision of the first instance court is appealed by the Group on 27 May 2016. The file number which is 2016/14130 has been obtained by the 3rd Chamber of Supreme Court of Appeals.

(viii) Dağören, one of GYH's subsidiaries made an application to the General Directorate of State Hydraulic Works (the "Administration") to obtain a generation licence for the Dağören Hydroelectric Power Plant ("HEPP").

According to correspondence sent by the Administration dated 18 July 2008, the Administration accepted the application with one condition-the generation licence had to be granted by the Energy Market Regulatory Authority ("EMRA"). Subsequently, Dağören completed its licences application to EMRA and EMRA approved the application for a 46 year generation licence on 27 November 2008. Consequently, the Right of Water Usage Agreement was signed and sent to Dağören by the Administration.

Dağören responded stating that the draft agreement was acceptable and the final Right of Water Usage Agreement could be signed. On the grounds that the Bilateral Cooperation Agreement ("Agreement") between Turkey and USA is abrogated, which includes the development of Hakkari Dam and Hydroelectric Power Plant ("HEPP") Project located on the upper level of Dağören Regulator and HEPP Project, the Administration refrained from signing the water utilization rights agreement and subsequently notified Dağören, that Dağören Regulator and HEPP Project is also cancelled.

Dağören lawyers filed a lawsuit in the Sixteenth Administrative Court of Ankara to cancel the administrative decision given by the Administration on grounds that EMRA is the only body entitled to give or cancel any production licence; that the Administration has no authorization to cancel a project which is already approved by EMRA; that the Administration has no right to refrain from signing the water utilization rights agreement of any project that is approved by EMRA and the cancellation of Hakkari Dam and HEPP Project is not automatically a reason for the cancellation of the Dağören Regulator and HEPP Project.

The Sixteenth Administrative Court of Ankara decided against Dağören as a matter of public interest and not considering any contradiction against the law. Dağören appealed the verdict to the Council of State and requested an injunction declaring that the process conducted by the Administration cannot be lawful as a matter of public interest where it contradicts the express provisions of the law. The lawyers also requested that the appeal process shall be carried on through court hearings. Since the Thirteenth Chamber of the Council of State which will carry on the appeal process is the specialized court in such processes, the Group lawyers believe that the decision by the Sixteenth Administrative Court of Ankara will be reversed and a judgement made in favour of the Group.

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**19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES** *(continued)*

**19.2 Legal issues** *(continued)*

On the other hand, a lawsuit has been filed at Ankara Intellectual and Industrial Property Rights Court No. 3 by the Group on the grounds that Dağören Regulator and HEPP Project is a product and is a property of Dağören and that the rights of the owner of the product cannot be interfered and the possession of the product cannot be taken by solely changing the name of the Project. The first expert decided against Dağören by majority of votes in their report although the technical expert represented their report in favor of Dağören. At this statement, Dağören made an objection to the court regarding the report. Within the second expert report prepared upon objections, it was stated that the transfer of the intellectual property rights regarding the Dağören Project from the Dağören to the General Directorate of State Hydraulic Works under the related regulations is an issue open to criticism, and these rights are actually owned by the Dağören, and the use of the projects which were prepared by the Dağören by the Administration is a matter considered to be professionally unethical, and the decision related to the product needs to be decided under the court's discretion. Although the Court approved that the Group's Project is a creation, it also dismissed the lawsuit claiming that the similarities between the Group's Project and the Hakkari HEPP Project announced by the defendant DSI have originated from several technical requirements; therefore the DSI's Project is also deemed as another creation. The decision which is contrary to law have been made against the Technical Expert's opinions and convictions. Therefore, the Group lawyers appealed the decision.

The Group lawyers believe that the court's fault decision shall be reversed in favor of the Group by the Appeal Court upon further review at the appeal stage, since the Court erroneously concluded the lawsuit, although it confirmed that the Group's Project is a creation and there are similarities between two creations. However, the Supreme Court of Appeals approved the decision of the court of first instance. Therefore, the Group applied for the revision of the decision, this application is also rejected and the decision is now final.

Finally, the Group filed a lawsuit at Second Administrative Court of Ankara, claiming that the administrative order regarding the application announcement by the Administration related to the Hakkari Hydro Electric Project which is a combination of Dağören Regulator and HEPP with the Hakkari Dam Construction Project and HEPP under this name must be cancelled. Although, such lawsuit which has been filed before Ankara Intellectual and Industrial Property Rights Court No. 3 should be decided as a prejudicial question, the Court rejected the case. The Group lawyers appealed the decision.

- (ix) Raiffeisen Centrobank AG ("Raiffeisen") filed a lawsuit before the 14<sup>th</sup> Commercial Court of First Instance in request for recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution and the reimbursement of litigation cost, lawyer expense and other compensable expenses by the Group. The Group lawyers submitted a petition and claimed that the conflict causing arbitration process was out of the scope of the conditions of the agreement signed by the parties so the arbitrator was unauthorized and also Group lawyers asserted other reasons to the Court. Afterwards, Raiffeisen submitted a counter petition against Group's declarations and the Group lawyers submitted rebuttal petition dated 6 July 2015 together with the legal opinion prepared by Prof. Dr. Cemal Şanlı. The Court without holding a hearing made an examination on 12 June 2015 and decided upon that preliminary hearing will be held on 19 November 2015 before the board of the Court. In the preliminary hearing, the copy of registration files of the Company has been requested from the related registry of commerce and granted an extension to Raiffeisen's lawyer for submitting their rebuttal petition against Group's rebuttal petition and legal opinion. Raiffeisen submitted their replies to the file however; this replication has not received yet by the Group. The Company made provision in its financial statements in the amount of TL 4.082.204 in 2014. In the hearing held on 10 March 2016, the expert report was submitted to the Court and the parties have raised objections and statements to the report. However, in the hearing held on 02 February 2017, the Court accepted the case and decided to the recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution. The Group lawyers will appeal the decision before the Provincial High Court.

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#### **19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

##### **19.2 Legal issues (continued)**

- (ix) On the other hand, Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2<sup>nd</sup> Commercial Court of First Instance claiming that the compensation of its damages stemming from the share purchase agreement signed with the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş. The value of the claim was USD 7.958.000 (TL 21.760.355) which was the amount of the advance payment in accordance with the shareholders agreement. The defendants have submitted their rebuttal petition and filed a counter lawsuit for the purpose of compensation of USD 19.000.000 which was an unpaid part of share transfer price USD 26.958.500. This counter lawsuit has been filed as partial therefore in the first phase; the defendants requested USD 20.000 for share transfer price, TL 25.000 for expenses and lost profit damages, TL 50.000 for the compensation of positive damages stemming from decreasing of share price and USD 40.000 for penal clause. The Group lawyers have submitted the entire petitions to the first lawsuit and counter lawsuit. In the hearing dated 24 December 2015, the Court granted time to parties for submitting their evidence list and decided to inquire the consequence of the case numbered 2015/194. The evidence list has been submitted by the Group lawyers on 7 January 2015. In the hearing held on 14 April 2016, the Court decided to pend the filing until the decision of the file numbered 2015/195 before Civil Court of Şırnak. However, the Group Lawyers objected to this interim decision in the hearing held on 13 October 2016 and requested the Court to reverse this decision. Thereupon, the Court accepted the Group lawyers' request on 15 December 2016 and appointed a commission of expert. The next hearing will be held on 13 April 2017.

##### **19.3 Contingent assets**

As at 7 December 2008, Company has acquired 50,80% of shares of GY Elyaf ve İplik Sanayi ve Dış Ticaret A.Ş. (GY Elyaf) which held at the rate of 49,20% in previous, owned 100% of the Company and sold the shares to Koninklijke Vopak NV'ye (Vopak) with a cost value TL 50.000 . In accordance with the article of Share Purchase and Sale Agreement numbered 9, Vopak will pay "goodwill" amounting to USD 9.750.000 on condition that 50 % of goodwill amount is its other shareholders' right in a period of 24 months from the date of the agreement signed. In the year of 2013 in November, Vopak applied the Company and stated that Vopak couldn't fulfill the obligation stated by the article of the agreement numbered 9 in a reasonable time. In accordance with the article of the same agreement numbered 11, Vopak requested sale of the land in a joint time of related parties. According to this article, with sale of the land after deducting the cost of debt over the remaining value of 50% -50% will be shared between the Company and Vopak. Vopak has been reported that to the Company, sale of the land has not been covered the goodwill amount and as at 31 December 2015 goodwill impairment recognized amounting to USD 4.875.000 (TL 14.174.550) which carried other non-current assets in consolidated financial statements.(Note 27.2)

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#### 19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

##### 19.4 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 20. Moreover, the Group has the following contingent liabilities:

###### *Ege Liman*

The details of the Transfer of Operational Rights Agreement ("TOORA") dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") are stated below:

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

###### *Ortadoğu Liman*

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

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

###### *Bodrum Liman*

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the State Railways, Ports and Airports Construction Company ("DLH") are stated below:

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

###### *Port of Bar*

The details of the TOORA dated 15 November 2013, executed by and between Global Liman and Ministry of Transportation and Maritime and Port Administration of Montenegro ("PAM") are stated below:

The contract with respect to acquisition of 62,09 % shares of general freight and cargo terminal of Port of Bar located in Montenegro has been signed on 15 December 2013 after a subsidiary of Group, Global Liman, offered the tender comprised the repair and maintenance of the Port, financing, construction and operating the Port for 30 years and initiated by Ministry of Transportation and Maritime and Port Administration of Montenegro at best, approvals and procedures related to sales transaction was completed on 30 December 2013 which is the Group obtained management and control of the company.

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**19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES** *(continued)*

**19.4 Contingent liabilities** *(continued)*

*Barcelona Cruise Port*

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

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

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

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

*Malaga Cruise Port*

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

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

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

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

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**19.4 Operating leases**

**Group as lessee**

The Group entered into various operating lease agreements. As at 31 December 2016 and 2015, operating lease rentals are payable as follows:

	<b>2016</b>	<b>2015</b>
Less than one year	6.493.621	4.921.605
Between one and five years	19.906.037	16.512.240
More than five years	253.766.498	218.902.208
	<b>280.166.156</b>	<b>240.336.053</b>

The Company's main operating lease agreements as lessee are the port rent agreement of Bodrum Liman until 2019, VCP until 2066, Port of Bar until 2043 and the rent agreement signed by Pera with the General Directorate of Foundations with respect to the rental of 6.Vakıf Han for 15 years and other operating lease agreements of Naturelgaz.

For the year ended 31 December 2016, payments recognized as rent expense are TL 1.498.305 (2015: TL 3.105.672).

**Group as lessor**

As at 31 December 2016 and 2015, the future lease receivables under operating leases are as follows:

	<b>2016</b>	<b>2015</b>
Less than one year	20.570.556	14.026.231
Between one and five years	42.452.950	32.851.583
More than five years	19.767.136	21.035.703
	<b>82.790.642</b>	<b>67.913.517</b>

The Group's main operating lease agreements as lessor are the rent agreements of Pera with the lessees of Sümerpark AVM and 6. Vakıf Han, the marina lease agreement of Ortadoğu Liman until 2028 and various shopping center rent agreements of Ege Liman and Bodrum Liman up to 5 years.

During the year ended 31 December 2016, TL 26.692.138 (2015: TL 18.871.525) have been recognized as rent income in the consolidated financial statements.



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**20 COMMITMENTS**

As at 31 December 2016 and 2015 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

31 December 2016

	TL Equivalent	Original Amount		
		TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	382.285.571	212.833.331	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	947.241.324	195.181.598	138.733.459	71.114.838
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
<b>Total</b>	<b>1.329.526.895</b>	<b>408.014.929</b>	<b>148.933.459</b>	<b>107.114.838</b>

31 December 2015

	TL Equivalent	Original Amount		
		TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	300.383.283	156.332.163	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	676.320.758	204.656.128	89.880.797	66.190.592
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
<b>Total</b>	<b>976.704.041</b>	<b>360.988.291</b>	<b>100.080.797</b>	<b>102.190.592</b>

As at 31 December 2016 the ratio of other GPMs given to the Group's equity is 0% (31 December 2015: 0%).

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**20 COMMITMENTS (continued)**

As at 31 December 2016 and 2015 guarantees and the details of the GPMs given by the Group are presented below:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Given to Energy Market Regulatory Authority (1)	417.500	3.035.640
Given for tenders	1.446.207	7.341.970
Given as a guarantee for commercial contracts	22.259.400	19.065.600
Given to Borsa Istanbul	9.362.500	11.362.500
Given to Takasbank	30.525.000	38.625.000
Given to Privatization Administration	9.000.099	13.258.684
Given to supply for natural gas	23.952.611	24.928.143
Given to courts, ministries, Tax Administration	1.876.684	846.812
Given to Capital Markets Board	4.576	2.776
Other	36.294.543	29.688.662
<b>Total letters of guarantee</b>	<u><b>135.139.120</b></u>	<u><b>148.155.787</b></u>
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	556.610.217	431.261.090
Pledges on equity securities (3)	200.480.494	183.787.916
Sureties given (4)	437.297.064	213.499.248
<b>Total contingent liabilities</b>	<u><b>1.329.526.895</b></u>	<u><b>976.704.041</b></u>

(1) The amounts include the letters of guarantee given by Group companies operating in energy sector to EMRA.

(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:

As at 31 December 2016, there is a mortgage amounting to TL 120.000.000 and Euro 15.000.000 ( TL 55.648.500) over one of the buildings of Global Yatırım Holding (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2015: TL 60.000.000 and Euro 15.000.000).

As at 31 December 2016, there is mortgage on the land of the Group located in Denizli , which is classified as investment property, as collateral of the Group's bank loans amounting to TL 84.500.000 and Euro 15.000.000 (TL 55.648.500) (31 December 2015 : TL 84.500.000 and Euro 15.000.000). In addition as at 31 December 2016, there is a mortgage on the land of the Group located in Van ,classified as investment property, related with the loans used by Global Ticari Emlak amounting to USD 50.000.000 (TL 175.960.000) (31 December 2015 : USD 50.000.000 (TL 145.380.000)).

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#### 20 COMMITMENTS (continued)

As at 31 December 2016, there is a pledge over the property, plant and equipment of Port of Bar amounting to Euro 1.000.000 (TL 3.709.900) with respect to the loans obtained by Port of Bar and there is a pledge over the property and equipment of Port of Barcelona amounting to Euro 13.493.042 (TL 50.057.837). As at 31 December 2016, there is a pledge over the property, plant and equipment of Ortadoğu Liman amounting to USD 3.150.000 (TL 11.085.480) with respect to the loans obtained by Ortadoğu Liman.

#### (3) Pledges on equity securities:

As at 31 December 2016, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 35.895.840) (31 December 2015: TL 29.657.520) and equity shares amounting to TL 9.400 (31 December 2015: TL 25.634) as collateral with respect to ongoing legal proceedings. There is a pledge on BPI shares amounting to Euro 19.640.3600 (TL 72.863.772) and on Creuers shares amounting to Euro 1.863.138 (TL 6.912.056) related to the loans used by BPI. As at 31 December 2016, there is a pledge on shares of Global Ticari Emlak amounting to TL 38.600.000 with respect to the loans obtained by Global Ticari Emlak. As at 31 December 2016, there is a pledge on shares with a nominal value of amounting to TL 7.300.000 with respect to the loans obtained by the subsidiaries operating in energy generation.

As mentioned in Note 8, as at 31 December 2015, financial investments amounting to TL 2.919.278 given to BIST as collateral according to the blockage of brokerage transactions in return for the letters of guarantee obtained from banks (31 December 2016: None). As at 31 December 2015, government bonds amounting to TL 650.969 are given to Turkish Derivative Exchange ("VİOP") for transaction guarantee (31 December 2016: None). As at 31 December 2016, treasury shares amounting to TL 25.196.500 (31 December 2015: TL 30.005.000) as mentioned in Note 23.1 has been pledged for loans and debt securities. In addition, there is a pledge on shares with a nominal value of TL 13.600.000 on a subsidiary of the Group as at 31 December 2016 (31 December 2015: TL 13.600.000). As at 31 December 2016, financial investments with a registered value of TL 102.926 are pledged to the CMB.

#### (4) Securities given:

As at 31 December 2016, the Group provided guarantee amounting to TL 40.097.823 for the loans of Pera, a subsidiary of the Group (31 December 2015: TL 31.464.566). The Group provided guarantee amounting to Euro 11.000.000 (TL 40.808.900) with respect to loans used by Straton Maden, a subsidiary of the Group (31 December 2015: TL 34.953.600). The Group provided surety amounting to Euro 12.696.580 (TL 47.103.041) with respect to lease agreement of Tres Enerji and amounting to Euro 1.844.536 (TL 6.843.045) with respect to lease agreement of Mavi Bayrak Enerji and amounting to USD 11.924.000 (TL 41.962.941) with respect to loan agreement of Mavi Bayrak Enerji. The Group provided surety amounting to USD 1.643.565 ( TL 5.784.034) with respect to lease agreement of Ortadoğu Liman. In addition, the Group provided surety amounting to TL 132.792.193 with respect to loan and lease agreements of, Naturelgaz, a subsidiary of the Group. The Group provided surety amounting to USD 34.640.000 (TL 121.905.087) with respect to loan agreement of Global Ticari Emlak.

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**20 COMMITMENTS (continued)**

**Royalty agreements**

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

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

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

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is allocated (Note 19).

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

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- Contract to adapt the Sea Station B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.
- Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014 the Company arranged new guarantees in accordance with the new syndicated loan arranged (Note 9), for which it pledged the receivables from the concession arrangements in favour of the lenders.

Due to the syndicated loan agreement signed on May 23, 2008, the Group's policy is to formalize insurance policies to cover possible risks to which certain elements related to administrative concessions are subject .

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**21 EMPLOYEE BENEFITS**

**Payables related to employee benefits**

As at 31 December 2016 and 31 December 2015, payables related to employee benefits comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Payables to personnel	2.462.075	4.279.106
Social security premiums payable	4.560.247	1.435.638
Other	2.985.146	2.438
<b>Total</b>	<b><u>10.007.468</u></b>	<b><u>5.717.182</u></b>

**Provisions for employee benefits**

As at 31 December 2016 and 31 December 2015, provisions for employee benefits comprised the following:

**Short term provisions**

	<u>31 December 2016</u>	<u>31 December 2015</u>
Provision for notice pay and vacations	3.079.790	2.257.551
Provision for personnel premium	185.906	221.189
	<b><u>3.265.696</u></b>	<b><u>2.478.740</u></b>

**Long term provisions**

Long term provisions included provision for employment termination indemnities. The details of the long term provisions are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Provision for employment termination indemnity	9.960.330	7.497.354
	<b><u>9.960.330</u></b>	<b><u>7.497.354</u></b>

The assumptions used to recognize provision for employment termination benefits are explained below:

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. The amount payable consists of one month's salary limited to a maximum of TL 4.426 for each period of service as of 31 December 2016 (31 December 2015: TL 3.828).

Provision for employment termination indemnity are not subject to any statutory funding.

For the year ended 31 December 2016 and 2015, the movement of the provision for employment termination indemnity as follows:

	<u>2016</u>	<u>2015</u>
Balance at 1 January	7.497.354	5.589.649
Interest for the period	354.624	51.231
Current service costs	1.256.024	918.290
Paid during the period	(2.396.296)	(425.295)
Currency translation differences	1.100.311	535.370
Addition to scope of consolidation	49.219	145.981
Actuarial gain/losses	2.099.094	682.128
<b>Balance at 31 December</b>	<b><u>9.960.330</u></b>	<b><u>7.497.354</u></b>

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**22 OTHER ASSETS AND LIABILITIES**

**a) Other current assets**

As at 31 December 2016 and 31 December 2015, other current assets comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Deferred value added tax (*)	30.533.621	29.193.276
Job and salary advances given to personnel	5.274.661	9.187.363
Income accruals	3.977.054	1.592.592
Other	1.957.648	2.745.322
<b>Total</b>	<b><u>41.742.984</u></b>	<b><u>42.718.553</u></b>

(\*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

**b) Other non current assets**

As at 31 December 2016 and 31 December 2015, other non-current assets comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Deferred value added tax (*)	4.428.595	4.277.564
Job and salary advances given to personnel (**)	10.080.373	8.980.685
<b>Total</b>	<b><u>14.508.968</u></b>	<b><u>13.258.249</u></b>

(\*) The Group has classified deferred VAT assets as current or non current assets on basis of future realizable projections.

(\*\*) Includes long term personnel and job advances given by a subsidiary of the Group which is operating abroad.

**c) Other short-term liabilities**

As at 31 December 2016 and 31 December 2015, other short-term liabilities comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Liability accruals for contracting firms	8.574.831	18.927.664
Liabilities related with real estate (*)	4.168.000	6.168.000
Expense accruals	6.663.687	1.254.912
Other	732.195	1.081.631
<b>Total</b>	<b><u>20.138.713</u></b>	<b><u>27.432.207</u></b>

(\*\*) Includes payables based on the protocol between the Group and Van Municipality.

**d) Current income tax assets**

As at 31 December 2016 and 31 December 2015, current income tax assets comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Prepaid taxes and funds	7.679.536	2.306.088
Others	5.733.747	-
<b>Total</b>	<b><u>13.413.283</u></b>	<b><u>2.306.088</u></b>

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## 23 CAPITAL AND RESERVES

### 23.1 Share capital / treasury shares

#### Share capital:

As at 31 December 2016, the Company's statutory nominal value of paid-in share capital consists of 193.500.000 registered shares with a par value of TL 1 each. As at 31 December 2015, the Company's statutory nominal value of paid-in share capital consists of 193.500.000 registered shares with a par value of TL 1 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares).

As at 31 December 2016, The issued capital of the Company is TL 193.500.000 and the authorized capital ceiling is TL 650.000.000. The shareholder structure of the Company is as follows:

	31 December 2016		31 December 2015	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	35.66%	69,006,595	33.75%	65,310,594
Erol Göker	0.25%	488,707	0.25%	488,707
Publicly traded other shares	64.09%	124,004,698	66.00%	127,700,699
<b>Total</b>	<b>100%</b>	<b>193,500,000</b>	<b>100%</b>	<b>193,500,000</b>
Inflation accounting adjustment		34,659,630		34,659,630
<b>Inflation adjusted capital</b>		<b>228,159,630</b>		<b>228,159,630</b>

(\*) Disclosed together with the shares of Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş which is owned by Mehmet Kutman.

The shares of the Company include privileged shares. The privileges of the (A), (D) and (E) group shares are explained below:

Two of the members of the Board of Directors are chosen among the candidates nominated by the owners of the group (A) shares. One of the members of the Board of Directors is chosen among the candidates nominated by the owners of the group (D) shares and one of them is chosen among the candidates nominated by the owners of the group (E) shares. Each member of the board is chosen by the decision of the majority of the shareholders of the privileged share group that nominated the candidate. All the shareholders have the right to nominate any candidate but, in order to select such candidates for the General Assembly; the nominations should be approved by the group (A) shares before the selection. All the shareholders have the right to nominate for two candidates for the Board. In case that group (D) and group (E) shares cannot nominate any candidate, any shareholder can nominate a candidate.

#### Treasury shares:

The Company and some of the subsidiaries of the Company repurchase shares of the Company from the capital markets in prior periods. These repurchased shares are called as treasury shares. The shares can be sold back to the market. Profit or loss that arises as the result of the sale of the shares is accounted for under retained earnings in the consolidated financial statements. The shares are accounted for at cost under treasury shares owned by the Company and treasury shares owned by the subsidiaries. Amounts related to these transactions are presented under "Treasury shares owned by the Company" in the consolidated statement of changes in equity. As at 31 December 2016, the Company held 16.017.730 shares of Global Yatırım Holding A.Ş. (31 December 2015: 18.017.730 shares), with the cost of TL 19.909.777 (31 December 2015: TL 22.143.104).

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#### **23 CAPITAL AND RESERVES (continued)**

##### **23.1 Share capital / treasury shares (continued)**

As at 31 December 2016, the shares with the cost value of TL 19.909.777 (31 December 2015: TL 22.143.104), 16.017.730 nominal lot (31 December 2015: 18.017.730 nominal lot) and amounts related to these transactions are reclassified under "Treasury shares owned by the Company" under equity. For the period ended 31 December 2016, the profit before tax of the Group companies from the sale of the shares of the Company amounted to TL 1.026.674 (31 December 2015: TL 7.297.697) and has been recognized in equity in the consolidated financial statements.

GIH's Ordinary General Assembly which took place on 30 September 2015, has approved the Board's decision dated 8 July 2015 to cancel part of shares corresponding to 5,24% of the current issued share capital through a capital reduction process, in consequence of The Company holds 14,69% of the total issued shares of the Company itself, to comply with the 10% limit promulgated by the Turkish Commercial Code and CMB's Communiqués. With the capital decrease, shares with a nominal value of TL 10.711.922,45 has been cancelled and the issued share capital of the Company is decreased from TL 204.211.922,45 to TL 193.500.000, resulting in the remaining shares held by the Company to represent 9,97% of the new issued share capital. General Assembly has approved the capital reduction on 30 September 2015 and registered on 23 October 2015.

In accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2016, the Group made provision for the shares owned by the Company amounting to TL 19.909.777 (31 December 2015 : TL 22.143.104) accounted under restricted reserves in the consolidated financial statements.

##### **23.2 Share premium/discounts**

Share premium represents the inflow of cash arising from the sales of shares at market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

##### **23.3 Other comprehensive income/expense not to be reclassified to profit or loss**

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and in no case transferred directly in equity through profit or loss such as following:

a) Gain/loss on revaluation and remeasurement

- Actuarial gain/(loss) on employee benefits

b) Other gain/loss



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**23 CAPITAL AND RESERVES (continued)**

*Special funds*

The application filed by Pera, a subsidiary of the Group operating in the real estate segment, to the CMB in relation to permission for a share capital decrease by TL 35.900.000 and simultaneous share capital increase (in cash) by TL 29.000.000, was approved by the CMB on 24 January 2011 in the decision numbered 86-928. The amendment to Article 8 of the Association of Pera was approved by the Extraordinary General Assembly Meeting on 15 February 2011, and the share capital of Pera was decreased to TL 60.100.000. The pre-emptive rights of the existing shareholders were used between 1 March and 15 March 2011 and after that the remaining shares were offered to investors between 1 April and 15 April 2011. Finally, the portion of the new shares, for which the pre-emptive rights were not used, has been purchased by Global Yatırım Holding A.Ş. and the capital increase to TL 89.100.000 was completed. The process was approved by the CMB on 3 May 2011. As a result of the capital increase, a total of TL 29.000.000 has been accounted for as “Special Reserve” by Pera, of which TL 14.357.900 has been reflected in the consolidated financial statements of the Group.

*Actuarial Losses on Employee Benefits*

Effective from 1 January 2012 and based on temporary clauses of the TAS 19 (2011), accumulated actuarial gain and losses are recognized in those accounts in accordance with Capital Market Board’s (“CMB”) Communiqué “Principles of Financial Reporting in Capital Markets” (“Communiqué”) which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

**23.3 Other comprehensive income/expense to be reclassified to profit or loss**

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and subsequently transferred directly in equity through profit or loss such as following:

a) Currency translation differences

Currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

b) Gain/loss on revaluation and remeasurement

- Gain/loss on revaluation and remeasurement of available-for-sale financial assets

Gain/loss on revaluation and remeasurement comprises from the change in fair value of available for sale financial assets.

c) Gain or loss on net investment hedge

A subsidiary of the Group, Global Liman’s foreign exchange differences arising from foreign currency loans into currency of the related subsidiary’s functional currency other than TL which are part of net investments made to its subsidiaries have been considered as hedging instruments and effective portion of them has been recognised in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applying since 1 October 2013. The Group has recognised loss amounting to TL 143.976.945 in other comprehensive income within other comprehensive income and equity for the year ended 31 December 2016 (31 December 2015: TL 140.632.870). As at 31 December 2016, related loss balance is TL 333.083.300 (31 December 2015: TL 189.106.355)

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#### **23 CAPITAL AND RESERVES (continued)**

##### **23.4 Restricted reserves**

As at 31 December 2016, the Group's restricted reserves are total of TL 95.445.951 (31 December 2015: TL 76.915.357).

As explained in Note 23.1, in accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2016, the Group made provision for the shares owned by the Company amounting to TL 19.909.777 (31 December 2015 : TL 22.143.104) accounted under restricted reserves in the consolidated financial statements.

##### **23.5 Retained earnings / accumulated losses and non-controlling interests**

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account.

The net assets of the subsidiaries attributable to the shares not controlled directly or indirectly by the parent company are presented as "Non-controlling interests" in the consolidated balance sheet.

##### **23.6 Dividend Distribution**

Publicly held companies distribute dividends according to "Dividend Distribution Announcement" numbered II-19.1 and issued by CMB at 1 February 2014. Dividends of companies are distributed based on dividend distribution policy and related regulations approved by General Assembly There is not any minimum rate for distribution in the announcement mentioned-above. Companies distribute dividends according to their prime contracts or dividend distribution policy. In addition, it is possible to pay dividends in equal or different instalments and distribute dividend advance in cash for profit in interim financial statements.

The Group recognized net profit amounting to TL 6.826.140 for the period 1 January-31 December 2016 (1 January-31 December 2015: TL TL 96.884.186 net profit) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

##### **23.7 Transactions with owners of the Company, recognized directly in equity**

The transaction regarding allocation of the issued shares corresponding to 10,84% of the increased capital of Global Liman, by increasing Global Liman's existing capital from TL 66.253.100 to TL 74.307.399 in the name of European Bank of Reconstruction and Development ("EBRD"), has been finalized on 12 November 2015. As a result of this allocation, EBRD becomes the owner of 10,84% of Global Liman's new share capital, through a payment of Euro 53.400.000. Accordingly, GIH's stake in Global Liman decreased from 100% to 89,16%. TL 8.054.299 of the aforementioned Euro 53.400.000 is the subscription price to the increased capital of Global Liman, and the rest of the amount is share premium.

The result of transaction is recognized under equity and is shown as "changes in non-controlling interest without loss in control" in the consolidated changes in shareholder's equity. The transaction has been accounted for in accordance with the paragraphs 30 and 31 of TAS 27 "Consolidated and Separate Financial Statements", which require the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

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#### 24 REVENUE AND COST OF SALES

For the years ended 31 December 2016 and 2015, the Group's gross profit on the basis of operations comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
<b>Revenue</b>		
Natural gas revenues	172.190.936	180.074.846
Port operating revenues	347.042.442	286.907.103
Mining revenues	36.165.076	30.975.365
Real estate rent and service revenues	25.802.784	12.052.614
Other	18.252.702	9.146.966
<b>Total</b>	<b>599.453.940</b>	<b>519.156.894</b>
<b>Cost of sales</b>		
Cost of natural gas sales and services	(133.400.317)	(143.601.094)
Cost of port operations	(217.909.195)	(182.945.666)
Cost of mining operations	(34.282.371)	(27.009.601)
Cost of real estate service	(3.694.159)	(6.023.899)
Other	(16.428.992)	(12.593.182)
<b>Total</b>	<b>(405.715.034)</b>	<b>(372.173.442)</b>
<b>Gross Profit from Non-finance Operations</b>	<b>193.738.906</b>	<b>146.983.452</b>
<b>Revenues from Finance Operations</b>		
Agency commissions	16.106.913	17.326.268
Interest received from customers	7.979.100	7.739.125
Portfolio management fees	3.604.119	2.289.938
Gain on sale of marketable securities, net	597.375	985.324
Other revenue	2.248.908	4.703.703
<b>Total</b>	<b>30.536.415</b>	<b>33.044.358</b>
<b>Cost of Revenues from Finance operations (-)</b>		
Commission charges	(22.606)	(1.164.564)
Interest charges from loans delivered to customers	(4.180.122)	(3.937.274)
Other cost revenues	-	(737.459)
<b>Total</b>	<b>(4.202.728)</b>	<b>(5.839.297)</b>
<b>Gross Profit from Finance Operations</b>	<b>26.333.687</b>	<b>27.205.061</b>
<b>GROSS PROFIT</b>	<b>220.072.593</b>	<b>174.188.513</b>

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## 25 GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

### 25.1 Marketing expenses

For the years ended 31 December 2016 and 2015, marketing expenses comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Personnel expenses	8.790.135	8.142.785
Depreciation and amortization expenses (Note 16-17)	5.597.924	4.070.994
Export expenses of mining operations	8.678.528	8.525.636
Advertising and promotion expenses	2.935.364	2.399.031
Rent expenses	1.531.047	1.377.106
Taxes and duties	2.051.152	2.732.954
Commission expenses of derivative exchange market	543.030	506.853
Representation expenses	403.237	501.163
Stock market participation share	1.077.715	1.194.323
Money market settlement and custody expenses	1.231.671	354.078
Vehicle expenses	374.302	1.396.171
Repair and maintenance expenses	809.539	368.168
Building management expenses	788.962	667.973
Insurance expenses	673.773	462.624
Travelling expenses	481.313	354.078
Other	1.613.771	1.807.411
	<b>37.581.463</b>	<b>34.861.348</b>

### 25.2 General and administrative expenses

For the years ended 31 December 2016 and 2015, general and administrative expenses comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Personnel expenses	73.808.154	58.250.565
Consultancy expenses	15.682.601	9.274.260
Travelling expenses	13.773.754	7.944.509
Taxes and duties other than on income	4.983.198	5.517.607
Depreciation and amortization expenses (Note 16-17)	12.134.324	6.662.544
IT expenses	5.128.931	4.298.322
Communication expenses	1.960.573	2.058.088
Building management expenses	2.142.615	1.994.980
Vehicle expenses	2.108.577	1.950.026
Representation expenses	4.230.326	3.574.358
Repair and maintenance expenses	1.980.889	827.359
Other expenses	12.664.717	11.423.298
	<b>150.598.659</b>	<b>113.775.916</b>

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#### 26 EXPENSES BY NATURE

For the years ended 31 December 2016 and 2015, the breakdown of personnel, depreciation and amortization expenses comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
<b>Personnel expenses</b>		
Cost of sales	38.550.104	33.965.204
Marketing expenses	8.790.135	8.142.785
General administrative expenses	73.808.154	58.250.565
	<b>121.148.393</b>	<b>100.358.554</b>
<b>Depreciation and amortization expenses</b>		
Cost of sales	143.426.755	126.639.933
Marketing expenses	5.597.924	4.070.994
General administrative expenses	12.134.324	6.662.544
	<b>161.159.003</b>	<b>137.373.471</b>

#### 27 OTHER OPERATING INCOME / EXPENSES

##### 27.1 Other operating income

For the years ended 31 December 2016 and 2015, other operating income comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Dividend income (*)	577.475	429.473
Rental income	644.341	919.126
Bargain purchase gain (Note 3)	-	16.566.729
Foreign currency exchange gain on trade operations, net	3.866.600	12.402.085
Reversal gain of provisions	1.272.397	-
Gain on sales of equity accounted investee (**)	-	3.435.203
Legacy income	1.314.275	-
Other miscellaneous income	6.703.709	4.518.753
<b>Total</b>	<b>14.378.797</b>	<b>38.271.369</b>

(\*) Includes dividend income from Global Menkul's investment in Takasbank which is in the main operation scope of Global Menkul.

(\*\*) Includes sales of Global Portföy Yönetimi A.Ş., accounted as equity accounted investee.

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**27 OTHER OPERATING INCOME / EXPENSES (continued)**

**27.2 Other operating expenses**

For the years ended 31 December 2016 and 2015, other operating expense comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Donations	373.431	177.523
Project expenses (*)	10.421.553	19.078.016
Impairment loss (**)	-	22.180.083
Tax amnesty expenses	3.176.922	-
Penalty expenses	2.442.588	1.137
Concession fee expense	1.502.910	1.358.235
Other miscellaneous expenses	6.360.740	5.292.121
<b>Total</b>	<b>24.278.144</b>	<b>48.087.115</b>

(\*) The major part of project expenses comprises of uncapitalized project expenses for port investments of the Group.

(\*\*) As at and for the year ended 31 December 2015, impairment losses recognized with regards to Geliş Madencilik asphaltite inventory amounting to TL 8.005.533. In addition, as at 31 December 2015, the Group recognized impairment loss amounting to TL 14.174.550 with other non-current assets related to Vopak as explained in Note 19.3. As at and for the year ended 31 December 2015, impairment losses recognized with regards to Galata Enerji and Geliş Madencilik.

**28 INCOME AND EXPENSE FROM INVESTING ACTIVITIES**

**28.1 Income from investing activities**

For the years ended 31 December 2016 and 2015, income from investing activities comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Investment property valuation gain (Note 15)	1.347.719	53.563.005
Gain on sale of financial assets	1.527.811	360.142
Gain on sale of fixed assets	-	1.054.371
Other	659.207	142.445
<b>Total</b>	<b>3.534.737</b>	<b>55.119.963</b>

**28.2 Expense from investing activities**

For the years ended 31 December 2016 and 2015, expense from investing activities comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Valuation differences on financial assets	33.842	534.912
Loss on sale of financial assets	3.438	45
Loss on sale of fixed assets	1.189.856	-
Other	475.227	-
<b>Total</b>	<b>1.702.363</b>	<b>534.957</b>

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#### 29 FINANCE INCOME

For the years ended 31 December 2016 and 2015, finance income of the Group comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Foreign currency exchange gain	23,433,232	26,928,599
Interest income	9,566,093	6,213,269
Other	1,737,161	1,848,328
<b>Total</b>	<b>34,736,486</b>	<b>34,990,196</b>

#### 30 FINANCE EXPENSES

For the years ended 31 December 2016 and 2015, finance expense of the Group comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
<b>Recognized in profit or loss</b>		
Foreign currency exchange loss	44,853,314	48,007,746
Interest expense on borrowings	152,043,812	124,428,952
Letter of guarantee commissions	1,810,691	2,019,780
Commission expenses	3,559,868	3,586,906
Other	5,329,066	4,288,785
<b>Total</b>	<b>207,596,751</b>	<b>182,332,169</b>

	1 January- 31 December 2016	1 January- 31 December 2015
<b>Recognized in other comprehensive income</b>		
Gain/(losses) from net investment hedges (Note 23)	(143,976,945)	(140,632,870)
	<b>(143,976,945)</b>	<b>(140,632,870)</b>

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#### 31 TAX ASSETS AND LIABILITIES

##### Corporate tax:

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate for each quarter and as at 31 December 2016 is 20% (31 December 2015: 20%).

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April (between private accounting period with the period in which the fourth month following the closing date 1-25) following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The corporate tax rate in Spain for the 2016 year is determined at 25% (2015: 28%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Losses can be carried forward for offsetting against future taxable income for up to 5 years while it is for up to 18 years in Spain.



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#### **31 TAX ASSETS AND LIABILITIES (continued)**

##### **Transfer pricing**

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

##### **Tax exemption of real estate investment trusts**

The real estate investment trusts are exempt from corporate tax in accordance with the Corporate Tax Law numbered 5520, 5th Article and the subparagraph (1) d. According to the 15th Article of this law, even when the earnings of the real estate investment trusts are not distributed, they are subject to the withholding tax of 15 %. However, in the scope of the authorization provided by the law to the Council of Ministers, the withholding tax rate to be applied was determined to be zero with the decision of the Council of Ministers numbered 2003/6577.

##### **Tax exemption on maritime operations:**

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

##### **Income withholding tax:**

5 th Article of Tax Law, numbered 6009 and dated 23 July 2010, and temporary 69th and 61th Articles of tax law, numbered 193 were changed and declared in Official Gazette on 1 August 2010. Accordingly, to be applied onto the 2010 calendar year income, investment incentives that will be subject to the deducted amount shall not exceed 25% of income for the year of interest, while determining the tax base.

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale and the sale amount is collected within two years following the year in which the sale is realized.

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#### 31 TAX ASSETS AND LIABILITIES (continued)

##### Current tax income assets

As at 31 December 2016 and 2015, current tax income assets of the Group comprised the following:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Prepaid taxes and funds	7.679.536	2.306.088
Others	5.733.747	-
<b>Total</b>	<b><u>13.413.283</u></b>	<b><u>2.306.088</u></b>

##### Tax expenses:

For the years ended 31 December 2016 and 2015, tax income/(expense) comprised the following:

	<u>2016</u>	<u>2015</u>
Current tax charge	(17.969.652)	(18.201.803)
Deferred tax benefit	23.719.075	44.099.153
<b>Total</b>	<b><u>5.749.423</u></b>	<b><u>25.897.350</u></b>

As at 31 December 2016 and 2015, current tax liability for the period comprised the following:

	<u>2016</u>	<u>2015</u>
Current tax charge	(17.969.652)	(18.201.803)
Taxes paid during period	13.391.131	21.801.588
<b>Total</b>	<b><u>(4.578.521)</u></b>	<b><u>3.599.785</u></b>
Payment of previous year tax liability	5.525.114	4.697.304
Change in prepaid taxes	5.373.448	(2.771.975)
<b>Income tax payable</b>	<b><u>6.320.041</u></b>	<b><u>5.525.114</u></b>

The tax reconciliation for the years ended 31 December 2016 and 2015 is as follows:

	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2015</u>
Profit/(loss) before income tax		(141.755.420)		(74.426.803)
Corporate tax using domestic rate	20,00	28.351.084	20,00	14.885.361
Disallowable expenses	(3,90)	(5.533.471)	(9,76)	(7.261.020)
Effect of unrecognized tax losses	(13,74)	(19.477.450)	(0,71)	(527.023)
Effect of tax exemption on maritime operations	3,89	5.511.141	6,68	4.972.018
Effect of change in tax rates	-	-	20,52	15.269.263
Other	(2,19)	(3.101.881)	(1,94)	(1.441.249)
		<b><u>5.749.423</u></b>		<b><u>25.897.350</u></b>

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**31 TAX ASSETS AND LIABILITIES (continued)**

**Deferred tax:**

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

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

As at 31 December 2016 and 31 December 2015, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Deferred tax assets	90.248.691	81.901.326
Deferred tax liabilities	(385.910.906)	(350.097.753)
<b>Total</b>	<b><u>(295.662.215)</u></b>	<b><u>(268.196.427)</u></b>

For the years ending 31 December 2016 and 31 December 2015, the movement of deferred tax assets and liabilities is as follows:

	<u>2016</u>	<u>2015</u>
Balance at the beginning of the year	(268.196.427)	(213.760.290)
Deferred tax income	23.719.075	44.099.153
Foreign currency translation differences	(51.709.638)	(42.974.532)
Recognized in equity	524.774	186.657
Addition to scope of consolidation	-	(55.747.415)
	<b><u>(295.662.216)</u></b>	<b><u>(268.196.427)</u></b>

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**31 TAX ASSETS AND LIABILITIES (continued)**

Deferred tax assets and deferred tax liabilities as at 31 December 2016 and 31 December 2015 are attributable to the items presented in the table below:

	2016		2015	
	Temporary differences	Deferred tax assets / liabilities	Temporary differences	Deferred tax assets / liabilities
Accumulated tax losses	173.982.310	34.796.462	144.315.280	28.863.056
Receivables	21.634.920	4.326.984	20.621.055	4.124.211
Valuation differences of marketable securities	24.410.360	4.882.072	4.911.075	982.215
Provisions	(6.043.545)	(1.208.709)	(3.270.545)	(654.109)
Provision for employment termination indemnity	7.518.450	1.503.690	4.918.785	983.757
Valuation of derivative instruments	4.976.480	995.296	3.464.015	692.803
Property, plant and equipment, intangible assets and concession intangible assets	(1.715.562.460)	(343.112.492)	(1.556.598.435)	(311.319.687)
Loans and prepaid commissions of the loans	(742.275)	(148.455)	1.371.320	274.264
Valuation of investment property	(1.374.720)	(274.944)	(53.561.805)	(10.712.361)
Other	12.889.405	2.577.881	92.847.120	18.569.424
		<b>(295.662.215)</b>		<b>(268.196.427)</b>

As at 31 December 2016 and 31 December 2015, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

Expiry years of the tax losses carried forward	31 December 2016		31 December 2015	
	Recognized	Unrecognized	Recognized	Unrecognized
2016	-	-	1.713.723	17.452.514
2017	-	8.291.738	12.500.081	7.493.549
2018	-	2.453.103	2.182.112	10.834.137
2019	7.037.689	18.099.662	5.368.020	23.515.324
2020	7.857.526	8.797.998	7.099.120	8.385.505
2021	19.901.247	7.267.309	-	-
	<b>34.796.462</b>	<b>44.909.810</b>	<b>28.863.056</b>	<b>67.681.029</b>

**Unrecognized deferred tax assets and liabilities**

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such losses carried forward expire until 2021. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

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**32 EARNINGS PER SHARE**

For the years ended 31 December 2016 and 2015, earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of shares outstanding.

	1 January- 31 December 2016	1 January- 31 December 2015
Net loss for the period	(130.299.491)	(48.035.543)
Net loss from continuing operations for the period	(130.299.491)	(48.035.543)
Weighted average number of shares	193.500.000	193.500.000
Weighted average number of ordinary shares	193.500.000	193.500.000
Number of shares held by the Group (Note 23.1)	(16.017.730)	(18.017.730)
Weighted average number of shares	177.482.270	175.482.270
Earnings per share with par value of TL 1 (TL full)	(0,7342)	(0,2737)
Earnings per share of continuing operations with par value of TL 1 (TL full)	(0,7342)	(0,2737)

**33 DERIVATIVE INSTRUMENTS**

The Group uses foreign exchange derivatives to hedge its future significant transactions and cash flows from financial risks. The Group is party to various forward foreign exchange contracts, depending on the management of currency fluctuations. Derivative instruments purchased are principally denominated in the currency of the market in which the Group operates.

	31 December 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
Forward currency agreement				
Short Term	1.346.268	1.409.612	-	-
Long Term	-	3.981.186	-	2.771.205
	<b>1.346.268</b>	<b>5.390.798</b>	<b>-</b>	<b>2.771.205</b>

As at 31 December 2016, the fair value of the Group's foreign currency derivatives is estimated at approximately (4.044.530) (2015: 2.771.205). The valuation of this amount, which consists of 1.346.268 assets (2015: None) and 5.390.799 liabilities (2015: 2.771.215), is based on quoted market prices for similar instruments at reporting date.

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#### **34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

##### **Financial risk management**

The Group has exposure to the various risks from its use of financial instruments. These are 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.

The responsibility of setting up and following up of risk management processes belongs to management of the Group.

The risk management policies of the Group were set up according to ascertaining and measuring the risk faced, determining adequate risk limits and monitoring the fluctuations. Risk management policies and systems are reviewed to cover the operations of the Group and changes in market conditions.

##### **34.1 Credit risk**

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

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 collaterals 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 collaterals of trade receivables from port operations. Credit risk resulting from brokerage activities of the Group are managed by the related companies' risk committees through the regulations on credit sales of securities promulgated by the CMB. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations, natural gas sales and financial operations which constitute major part of the Group's operations.

The Group enters into transactions with accredited parties or the parties that an agreement is signed in financial markets. The transactions in the treasury operations are performed by conditional exchanges through custody cash accounts.

As at 31 December 2016 and 2015, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives, in the consolidated balance sheet.

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**34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

**34.1 Credit risk (continued)**

Carrying amounts of financial assets present maximum exposure to credit risk. As at 31 December 2016 and 2015 maximum credit risk exposure is as follows:

	Receivables			Receivables from		Short-term			Total
	Trade receivables (*)	from related parties	finance sector operations (*)	Other receivables (*)	Cash at banks	financial investments	Advances given		
31 December 2016	89,527,784	75,779,107	46,176,116	91,197,625	205,888,378	3,296,972	60,554,913	571,420,895	
Maximum credit risk exposure at the reporting date	10,083,364	-	-	-	-	-	-	10,083,364	
Portion of maximum risk covered by guarantee	80,523,914	75,779,107	46,176,116	91,197,625	205,888,378	3,296,972	60,554,913	563,417,025	
A. Net book value of financial assets neither past due nor impaired	8,003,870	-	-	-	-	-	-	8,003,870	
B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated	702,393	-	-	-	-	-	-	702,393	
Portion of maximum risk covered by guarantee	-	-	-	-	-	-	-	-	
c. Net book value of assets past due but not impaired	9,251,994	-	1,524,229	-	-	-	-	10,776,223	
-Past due (gross book value)	(9,251,994)	-	(1,524,229)	-	-	-	-	(10,776,223)	
-Impairment (-)	-	-	-	-	-	-	-	-	
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-	
-Not past due (gross book value)	-	-	-	-	-	-	-	-	
-Impairment (-)	-	-	-	-	-	-	-	-	
-Portion of the net book value covered by guarantee	9,380,970	-	-	-	-	-	-	9,380,970	
D. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	-	

(\*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".

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**34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

**34.1 Credit risk (continued)**

	Trade receivables (€)	Receivables from related parties	Receivables from finance sector operations (€)	Other receivables (€)	Cash at banks	Short-term financial investments	Advances given	Total
31 December 2015	81,927,492	59,966,084	60,847,328	64,259,998	283,099,466	13,547,911	46,260,717	609,908,996
Maximum credit risk exposure at the reporting date	3,106,835	-	-	-	-	-	-	3,106,835
Portion of maximum risk covered by guarantee								
A. Net book value of financial assets neither past due nor impaired	68,331,821	59,966,084	60,847,328	64,259,998	283,099,466	13,547,911	46,260,717	596,313,325
B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-	-
C. Net book value of financial assets past due but not impaired whose terms have been renegotiated	13,595,671	-	-	-	-	-	-	13,595,671
Portion of maximum risk covered by guarantee	57,632	-	-	-	-	-	-	57,632
D. Net book value of assets past due but not impaired	7,332,113	-	1,316,097	-	-	-	-	8,648,210
-Past due (gross book value)	(7,332,113)	-	(1,316,097)	-	-	-	-	(8,648,210)
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	3,049,203	-	-	-	-	-	-	3,049,203
E. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	-

(\*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties."

During the impairment tests of the financial assets, the Group considered the factors which show that the amounts to be collected are not collectible.



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#### 34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### 34.1 Credit risk (continued)

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

	<u>31 December 2016</u>	<u>31 December 2015</u>
	<u>Trade Receivables</u>	<u>Trade Receivables</u>
1 to 30 days overdue	2.841.581	7.199.524
1 to 3 months overdue	1.083.172	5.254.592
3 to 12 months overdue	3.534.687	1.084.122
1 to 5 years overdue	544.431	57.433
<b>Total</b>	<b>8.003.871</b>	<b>13.595.671</b>
Portion of assets secured by guarantee etc.	702.393	57.632

##### 34.2 Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame

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 sufficient number of high quality creditors for each segment of the Group.

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**34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

**34.2 Liquidity risk (continued)**

31 December 2016

Contractual Maturities	Carrying Value	Total cash outflows due to contracts				
		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
<b>Non-Derivative Financial Liabilities</b>						
Bank loans	927,517,102	267,694,725	169,416,547	433,520,387	134,812,462	
Debt securities issued	1,235,689,468	10,213,993	350,341,428	1,223,404,457	-	
Liabilities due to operations in finance sector	45,817,001	-	45,817,001	-	-	
Finance lease obligations	96,042,265	10,361,440	19,861,540	67,212,466	-	

Expected Maturities	Carrying Value	Total expected cash outflows				
		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
<b>Non-derivative Financial Liabilities</b>						
Trade payables	94,890,256	13,539,938	81,350,318	-	-	
Other payables	39,016,936	24,504,495	6,824,387	7,688,054	-	
Liabilities due to operations in finance sector	7,099,020	-	7,099,020	-	-	

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**34.2 Liquidity risk (continued)**

31 December 2015	Carrying Value	Total cash outflows due to contracts				
		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
<b>Contractual Maturities</b>						
<b>Non-Derivative Financial Liabilities</b>						
Bank loans	640.242.821	43.333.196	129.253.279	402.196.565	116.367.199	
Debt securities issued	1.093.339.372	40.035.307	234.944.944	1.165.284.181	-	
Liabilities due to operations in finance sector	52.302.243	-	52.302.243	-	-	
Finance lease obligations	86.434.346	7.394.600	15.248.818	65.026.343	-	
<b>Expected Maturities</b>						
	<b>Carrying Value</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	
<b>Non-derivative Financial Liabilities</b>						
Trade payables	83.406.747	10.050.710	73.356.037	-	-	
Other payables	40.555.999	20.279.799	7.620.853	12.655.347	-	
Liabilities due to operations in finance sector	7.803.643	-	7.803.643	-	-	
<b>31 December 2016</b>						
<b>Derivative Financial Liabilities</b>						
<b>Contractual Maturities</b>						
Derivative cash inflows	-	-	76.499.870	-	-	
Derivative cash outflows	4.044.530	80.417.713	76.436.527	3.981.186	-	
<b>31 December 2015</b>						
<b>Derivative Financial Liabilities</b>						
<b>Contractual Maturities</b>						
Derivative cash inflows	-	-	-	-	-	
Derivative cash outflows	2.771.205	2.771.205	-	2.771.205	-	

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#### **34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS** *(continued)*

##### **34.3 Market risk**

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

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

##### *i) Foreign currency risk*

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and Euro. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

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### 34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

#### 34.3 Market risk (continued)

##### i) Foreign currency risk (continued)

As at 31 December 2016 and 31 December 2015, foreign currency risk exposures of the Group comprised the following:

	31 December 2016				
	TL Equivalent	USD	EURO	GBP	TL
1. Trade Receivables	16.158.557	3.225.158	93.743	-	4.460.807
2.a Monetary Financial Assets	205.644.102	18.498.843	23.438.096	-	53.589.982
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>221.802.659</b>	<b>21.724.001</b>	<b>23.531.839</b>	<b>-</b>	<b>58.050.789</b>
5. Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	84.418.121	20.901.355	-	-	10.862.075
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>84.418.121</b>	<b>20.901.355</b>	<b>-</b>	<b>-</b>	<b>10.862.075</b>
<b>9. Total Assets (4+8)</b>	<b>306.220.780</b>	<b>42.625.356</b>	<b>23.531.839</b>	<b>-</b>	<b>68.912.864</b>
10. Trade Payables	36.882.870	2.569.822	2.888.498	1.160	17.118.103
11. Financial Liabilities	244.206.169	49.237.535	18.785.313	-	1.237.803
12.a Monetary Financial Liabilities	8.505.541	-	-	-	8.505.541
12.b Non-monetary financial Liabilities	-	-	-	-	-
<b>13. Short-term liabilities (10+11+12)</b>	<b>289.594.580</b>	<b>51.807.357</b>	<b>21.673.811</b>	<b>1.160</b>	<b>26.861.447</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	970.454.720	257.020.257	16.429.631	-	4.996.745
16.a. Other Monetary Liabilities	4.544.056	74.227	-	-	4.282.837
16.b. Other Non-monetary Liabilities	-	-	-	-	-
<b>17. Long-term Liabilities (14+15+16)</b>	<b>974.998.776</b>	<b>257.094.484</b>	<b>16.429.631</b>	<b>-</b>	<b>9.279.582</b>
<b>18. Total Liabilities (13+17)</b>	<b>1.264.593.356</b>	<b>308.901.841</b>	<b>38.103.442</b>	<b>1.160</b>	<b>36.141.029</b>
19. Off-balance Sheet Foreign Currency Derivative Instruments					
Net Position (19a-19b)	80.417.713	-	21.676.518	-	-
19a. Foreign currency derivative assets	80.417.713	-	21.676.518	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
<b>20. Net Foreign Currency Asset/Liability Position (9-18+19)</b>	<b>(877.954.863)</b>	<b>(266.276.485)</b>	<b>7.104.915</b>	<b>(1.160)</b>	<b>32.771.835</b>
21. Net Foreign Currency Position					
of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(958.372.576)	(266.276.485)	(14.571.603)	(1.160)	32.771.835
22. Fair Value of Derivative Instruments Held for Hedging	888.948.340	252.599.551	-	-	-
23. Derivative Assets Held for Hedging	-	-	-	-	-
24. Derivative Liabilities Held for Hedging	888.948.340	252.599.551	-	-	-
Export	-	-	-	-	-
Import	-	-	-	-	-

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

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**34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**  
*(continued)*

**34.3 Market risk** *(continued)*

*i) Foreign currency risk* *(continued)*

	31 December 2015				
	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	11.133.420	2.233.187	146.483	-	4.174.742
2.a Monetary Financial Assets	193.640.715	14.157.024	38.250.522	879	30.929.113
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>204.774.135</b>	<b>16.390.211</b>	<b>38.397.005</b>	<b>879</b>	<b>35.103.855</b>
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	70.692.019	21.273.731	-	-	8.836.517
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>70.692.019</b>	<b>21.273.731</b>	<b>-</b>	<b>-</b>	<b>8.836.517</b>
<b>9. Total Assets (4+8)</b>	<b>275.466.154</b>	<b>37.663.942</b>	<b>38.397.005</b>	<b>879</b>	<b>43.940.372</b>
10. Trade Payables	31.465.176	1.275.808	3.289.800	-	17.301.969
11. Financial Liabilities	135.049.288	35.213.542	10.212.592	-	154.777
12.a. Monetary Financial Liabilities	33.194.620	48.975	33.167	27.527	32.828.441
12.b. Non-monetary financial Liabilities	-	-	-	-	-
<b>13. Short-term liabilities (10+11+12)</b>	<b>199.709.084</b>	<b>36.538.325</b>	<b>13.535.559</b>	<b>27.527</b>	<b>50.285.187</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	886.376.515	271.195.304	30.791.461	-	6.103
16.a. Other Monetary Liabilities	2.403.548	-	-	-	2.403.548
16.b. Other Non-monetary Liabilities	-	-	-	-	-
<b>17. Long-term Liabilities (14+15+16)</b>	<b>888.780.063</b>	<b>271.195.304</b>	<b>30.791.461</b>	<b>-</b>	<b>2.409.651</b>
<b>18. Total Liabilities (13+17)</b>	<b>1.088.489.147</b>	<b>307.733.629</b>	<b>44.327.020</b>	<b>27.527</b>	<b>52.694.838</b>
<b>19.Off-balance Sheet Foreign Currency Derivative Instruments</b>					
Net Position (19a-19b)	-	-	-	-	-
19a. Foreign Currency Derivative Assets	-	-	-	-	-
19b. Foreign Currency Derivative Liabilities	-	-	-	-	-
<b>20. Net Foreign Currency Asset/Liability Position (9-18+19)</b>	<b>(813.022.993)</b>	<b>(270.069.687)</b>	<b>(5.930.015)</b>	<b>(26.648)</b>	<b>(8.754.466)</b>
<b>21. Net Foreign Currency Position</b>					
of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(813.022.993)	(270.069.687)	(5.930.015)	(26.648)	(8.754.466)
<b>22. Fair Value of Derivative Instruments Held for Hedging</b>	<b>726.900.000</b>	<b>250.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Derivative Assets Held for Hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Derivative Liabilities Held for Hedging</b>	<b>726.900.000</b>	<b>250.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Export	-	-	-	-	-
Import	-	-	-	-	-

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#### 34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### 34.3 Market risk (continued)

##### i) Foreign currency risk (continued)

##### Sensitivity Analysis – Foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2016 and 31 December 2015 would have changed equity or profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2016	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign currency
A 10 percent change in USD against Turkish Lira:				
1-Net USD asset/liability	(4.813.187)	4.813.187	-	-
2- Hedged portion against USD risk (-)	-	-	(88.894.834)	88.894.834
3- Net effect of USD (1+2)	(4.813.187)	4.813.187	(88.894.834)	88.894.834
A 10 percent change in Euro against Turkish Lira:				
4- Net Euro asset/liability	(5.405.919)	5.405.919	-	-
5- Hedged portion against Euro risk (-)	-	-	(8.041.771)	8.041.771
6- Net effect of Euro (4+5)	(5.405.919)	5.405.919	(8.041.771)	8.041.771
A 10 percent change in other currencies against Turkish Lira:				
7- Net other currencies asset/liability	(501)	501	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	(501)	501	-	-
TOTAL (3+6+9)	(10.219.607)	10.219.607	(96.936.605)	96.936.605

(\*) Profit and loss excluded.

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#### 34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(continued)

##### 34.3 Market risk (continued)

###### i) Foreign currency risk (continued)

##### Sensitivity analysis – foreign currency risk (continued)

31 December 2015	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign currency
A 10 percent change in USD against Turkish Lira:				
1-Net USD asset/liability	(4.960.016)	4.960.016	-	-
2- Hedged portion against USD risk (-)	-	-	(72.690.000)	72.690.000
3- Net effect of USD (1+2)	(4.960.016)	4.960.016	(72.690.000)	72.690.000
A 10 percent change in Euro against Turkish Lira:				
4- Net Euro asset/liability	(1.884.322)	1.884.322	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	(1.884.322)	1.884.322	-	-
A 10 percent change in other currencies against Turkish Lira:				
7- Net other currencies asset/liability	(11.461)	11.461	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	(11.461)	11.461	-	-
TOTAL (3+6+9)	(6.855.799)	6.855.799	(72.690.000)	72.690.000

(\*) Profit and loss excluded.



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#### 34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(continued)

##### 34.3 Market risk (continued)

###### ii) 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 different amounts. This risk is managed through balancing the assets and liabilities exposed to interest rate risk and restricted use of derivative instruments.

Interest Position Table		
	31 December 2016	31 December 2015
<b>Financial Instruments with fixed Interest</b>	<b>(1.174.641.373)</b>	<b>(797.462.955)</b>
Financial Assets		
Financial assets held for trading	1.093.957	13.026.037
Due from related parties	12.351.714	10.026.536
Receivables from money markets	24.271.616	34.609.610
Bank deposits	127.792.281	133.897.810
Financial Liabilities		
Loans and borrowings	(1.310.602.940)	(954.036.705)
Liabilities due to operations in finance sector	(29.548.001)	(34.986.243)
<b>Financial Instruments with variable interest</b>	<b>(910.437.638)</b>	<b>(835.313.028)</b>
Financial Assets		
Loans granted to the key management	38.208.257	30.666.806
Financial Liabilities		
Loans and borrowings	(948.645.895)	(865.979.834)

As at 31 December 2016 and 2015, the Group used interest rate derivatives (swap) to hedge interest rate risk (Note 33).

###### Sensitivity analysis – interest rate risk

As at 31 December 2016, had the interest rates been higher by 100 base points and all other variables remain constant, profit before tax would have been lower by TL 9.486.459 (31 December 2015: profit before tax lower by TL 7.957.389), the net profit attributable to the owners of the Company would have been lower by TL 8.016.307 (31 December 2015: TL 6.365.911) and total equity attributable to equity holders of the Company would have been lower by TL 6.796.099 (31 December 2015: TL 5.999.367). Had the interest rates been lower by 100 base points, the effect would be the same but in reverse position.

###### Capital risk management

The Group's objectives when managing capital are to provide the sustainability of the Group's operations in order to bring returns and benefits to the shareholders and to reduce the cost of the capital for maintaining an optimal capital structure.

The Group monitors the capital management by using debt / capital ratio. This ratio is calculated by dividing the net debt to total capital. Net debt is calculated by deducting cash and cash equivalents from total liabilities (the sum of financial liabilities). Total capital is the sum of net debt and equity. The Group's net debt ratio calculated with this method is 75% as of 31 December 2016 (2015: 61%).

# Global Yatırım Holding A.Ş. And its Subsidiaries

## Notes to the Consolidated Financial Statements

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### 35 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair values of cash and cash equivalents and other monetary assets are assumed to approximate their carrying amounts. The carrying amounts of trade and other receivables less the related provisions for impairment are assumed to approximate their fair values. Carrying amounts of floating rate foreign currency liabilities, which are translated to Turkish Lira using the period-end rates, are assumed to reflect their fair values.

Carrying amounts and fair values of financial assets and liabilities are listed below:

	Notes	31 December 2016		31 December 2015	
		Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets</b>					
Cash and Cash Equivalents	7	209.040.990	209.040.990	296.169.494	296.169.494
Financial Investments	8	16.362.585	16.362.585	22.775.301	22.775.301
Trade Receivables	10	88.527.784	88.527.784	81.927.492	81.927.492
Receivables from Operations in Finance Sector	12, 6	58.498.050	58.498.050	70.792.190	70.792.190
Other Receivables	11, 6	154.654.798	154.654.798	114.281.220	114.281.220
Other Current and Non-current assets	22	56.251.952	56.251.952	60.339.102	60.339.102
<b>Total</b>		<b>583.336.159</b>	<b>583.336.159</b>	<b>646.284.799</b>	<b>646.284.799</b>
<b>Financial Liabilities</b>					
Borrowings	9	2.259.248.835	2.259.248.835	1.820.016.539	1.820.016.539
Trade Payables	10	94.890.256	94.890.256	83.406.747	83.406.747
Liabilities due to Operations in Finance Sector	12, 6	52.916.021	52.916.021	60.105.886	60.105.886
Other Payables	11, 6	39.016.936	39.016.936	40.555.999	40.555.999
Other Liabilities	22	17.039.985	17.039.985	24.805.904	24.805.904
<b>Total</b>		<b>2.463.112.033</b>	<b>2.463.112.033</b>	<b>2.028.891.075</b>	<b>2.028.891.075</b>

## Global Yatırım Holding A.Ş. And its Subsidiaries

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#### 35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	10.892.959	-	-	10.892.959
Financial assets available for sale	-	-	4.276.621	4.276.621
Derivative financial liabilities	-	4.044.530	-	4.044.530
	<b>10.892.959</b>	<b>4.044.530</b>	<b>4.276.621</b>	<b>19.214.110</b>

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	14.791.212	-	-	14.791.212
Financial assets available for sale	-	-	7.234.573	7.234.573
Derivative financial liabilities	-	-	-	-
	<b>14.791.212</b>	<b>-</b>	<b>7.234.573</b>	<b>22.025.785</b>

#### 36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2016 and 2015, the detail of assets held for sale is as below:

	<b>31 December 2016</b>	<b>31 December 2015</b>
Real Estates	862.751	862.751
	<b>862.751</b>	<b>862.751</b>

The Group's real estates held for sale amounting to TL 862.751 (31 December 2015: TL 862.751) can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m<sup>2</sup> and land in the Bodrum district of the Muğla province, with a total area of 3.000 m<sup>2</sup> which is owned by Global Yatırım Holding A.Ş.

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**37 GOVERNMENT GRANTS**

As explained in detail in Note 31, the Group benefits from investment allowance and miscellaneous tax exemptions.

**38 EVENTS AFTER THE REPORTING PERIOD**

In accordance with the authorization given in article 3/D/ii of the Company's Articles of Association, on 22 February 2017, the Company's Board of Directors decided to apply for the issuance of one or more debt instruments to sell to qualified domestic investors with a nominal value of up to TL 250.000.000 which is denominated in Turkish Liras and has a maturity of 6 months to 4 years and to complete the legal process after obtaining necessary permissions.

**39 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR MAKE THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE**

None.