

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

Convenience Translation into English of
Condensed Consolidated Interim
Financial Statements

As At and For The Six-Month Period
Ended 30 June 2017 With

Independent Auditors' Review Report Thereon

Global Yatırım Holding Anonim Şirketi and its Subsidiaries

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**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED
INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

To the Board of Directors of Global Yatırım Holding A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Global Yatırım Holding A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

Emphasis of Matters

Without qualifying our opinion, we draw your attention to the Note 19 of the accompanying condensed 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 rectification 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 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 rectification of decision of the 11th Chamber of Supreme Court, the Supreme Court also rejected this rectification 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 reversing decision.

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 condensed 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 condensed consolidated financial statements accordingly. However, the lawsuit regarding the reimbursement of the related costs against the third member of the JVG is pending. As this receivable is believed to be reimbursable by the Group management according the Joint Venture Agreement, it is recorded in the consolidated financial statements.

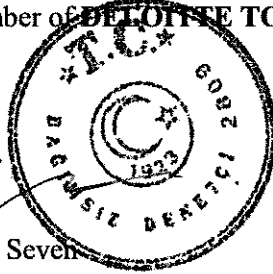
Additionally, the Municipality filed a lawsuit numbered 2013/206E against the JVG before 4th Ankara Commercial Court in request for the compensation for unlawful preliminary injunction. The Group requested for a nonsuit and for awaiting the finalization of the decisions by the superior courts, and also 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 5 July 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 at the date the condensed 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 condensed consolidated financial statements.

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 (HPP) 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. After the date of approval and declaration of the Group's consolidated financial statements as of 31 December 2016, the Council of State has upheld the verdict of the first instance court. The Group lawyers have made a request of rectification of decision against this uphold, and the investigation is still ongoing. Lastly, the Group filed a lawsuit to Ankara 2nd Administrative Court for the annulment of the administrative act of DSİ related to the acceptance of the applications for the Hakkari HPP project which is created by merging Dağören Regulator and HPP project with Hakkari Dam and HPP project, Ankara 3rd Civil and Intellectual Rights Civil Court rejected lawsuit initiated by the Group . In the condensed consolidated financial statements dated 30 June 2017, the Group management has provided for impairment for the HPP license fee which is accounted under intangible assets.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Burç Seven
Partner

İstanbul, 21 August 2017

GLOBAL YATIRIM HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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Global Yatırım Holding A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
as at 30 June 2017

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

		<u>Reviewed</u>	<u>Audited</u>
		<u>30 June</u>	<u>31 December</u>
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Current assets			
Cash and cash equivalents	7	843.365.192	209.040.990
Financial Investments	8	2.983.148	12.085.964
Trade receivables		129.399.000	88.527.784
- Trade Receivables Due From Unrelated Parties	10	129.399.000	88.527.784
Other receivables		79.620.401	79.111.752
- Other Receivables Due From Related Parties	6	65.702.741	63.457.173
- Other Receivables Due From Unrelated Parties	11	13.917.660	15.654.579
Receivables from operations in finance sector		75.260.254	58.498.050
-Receivables From Financial Sector Operations Due From Related Parties	6	971.041	12.321.934
-Receivables From Financial Sector Operations Due From Unrelated Parties	12	74.289.213	46.176.116
Inventories	13	95.124.624	82.064.090
Prepayments	14	47.732.852	42.130.447
Derivative Financial Assets	32	169.079	1.346.268
Current Tax Assets	22	7.297.328	13.413.283
Other current assets	22	43.839.413	41.742.984
		<u>1.324.791.291</u>	<u>627.961.612</u>
<i>(Subtotal)</i>			
Non-current Assets or Disposal Groups Classified as Held for Sale	35	862.751	862.751
Non-current assets			
Other receivables	11	81.076.745	75.543.046
Financial Investments	8	4.139.121	4.276.621
Investments accounted for using equity method	18	77.562.432	67.794.872
Investment property	15	413.568.925	414.323.250
Property, plant and equipment	16	815.277.243	754.500.121
Intangible assets and goodwill		1.737.410.632	1.781.444.960
- Goodwill	17	72.664.033	71.533.722
- Other intangible assets	17	1.664.746.599	1.709.911.238
Prepayments	14	29.114.998	43.079.255
Deferred Tax Asset	34	82.925.653	90.248.691
Other Non-current Assets	22	15.233.755	14.508.968
		<u>3.256.309.504</u>	<u>3.245.719.784</u>
TOTAL ASSETS		<u><u>4.581.963.546</u></u>	<u><u>3.874.544.147</u></u>

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

Global Yatırım Holding A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
as at 30 June 2017
(Currency Turkish Lira ("TL") unless otherwise stated)

		Reviewed	Audited
		30 June	31 December
	Notes	2017	2016
LIABILITIES			
Current liabilities		867.517.806	1.031.798.729
Current Borrowings	9	95.234.773	244.383.130
Current Portion of Non-current Borrowings	9	519.136.885	548.986.815
Trade Payables		98.690.295	94.890.256
- Trade Payables to Unrelated Parties	10	98.690.295	94.890.256
Employee Benefit Obligations	21	7.985.751	10.007.468
Other payables		27.271.702	24.739.703
- Other Payables to Related Parties		45.785	135.094
- Other Payables to Unrelated Parties	11	27.225.917	24.604.609
Payables on Financial Sector Operations		64.103.708	52.916.021
- Payables to Unrelated Parties on Financial Sector Operations	12	64.103.708	52.916.021
Derivative Financial Liabilities	32	-	1.409.612
Deferred income	14	19.913.985	15.462.273
Current tax liabilities		8.812.389	6.320.041
Current provisions		11.292.871	12.544.697
- Current provisions for employee benefits	21	3.521.381	3.265.696
- Other current provisions	19	7.771.490	9.279.001
Other Current Liabilities	22	15.075.447	20.138.713
Non-current liabilities		2.011.415.535	1.934.432.746
Long term borrowings	9	1.543.029.526	1.465.878.890
Other payables	11	16.424.385	14.277.233
Liabilities due to Investments Accounted for Using Equity Method	18	577.046	566.722
Deferred income		1.396.598	1.570.136
Derivative Financial Liabilities	32	3.269.152	3.981.186
Non-current provisions		69.958.299	62.247.673
- Non-current provisions for employee benefits	21	9.030.424	9.960.330
- Other non-current provisions	19	60.927.875	52.287.343
Deferred tax liabilities	34	376.760.529	385.910.906
EQUITY	23	1.703.030.205	908.312.672
Equity attributable to equity holds of the Group		1.116.309.314	488.533.757
Issued capital		325.888.410	193.500.000
Inflation adjustment on capital		34.659.630	34.659.630
Treasury Shares owned by the company (-)		(40.974.259)	(19.909.777)
Share Premium (Discount)		204.351.140	12.387.946
Other Accumulated Comprehensive Income (Loss) that will not be reclassified in profit or loss		11.008.975	10.950.909
- Other Gains (Losses)		14.497.128	14.497.128
- Gains (Losses) on Remeasurements of Defined Benefit Plans		(3.488.153)	(3.546.219)
Other Accumulated Comprehensive Income (Loss) that will be reclassified in profit or loss		167.422.540	203.169.998
- Exchange Differences on Translation		401.368.205	537.036.199
- Gains (Losses) on Revaluation and Reclassification		(248.876)	(782.901)
- Gains (Losses) on Hedge		(233.696.789)	(333.083.300)
Restricted Reserves Appropriated From Profits		68.689.520	95.445.951
Prior Years' Profits or Losses		483.030.429	88.628.591
Current Period Net Profit Or Loss		(137.767.071)	(130.299.491)
Non-controlling interests		586.720.891	419.778.915
TOTAL EQUITY AND LIABILITIES		4.581.963.546	3.874.544.147

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

Global Yatırım Holding A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive
Income for the Six-Month Period Ended 30 June 2017
(Currency Turkish Lira ("TL") unless otherwise stated)

	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
PROFIT OR LOSS					
Revenue	24	333.500.670	195.802.620	264.022.618	164.033.022
Cost of revenues (-)	24	(258.040.616)	(141.828.083)	(185.263.638)	(104.489.911)
Gross profit/(loss) from trade operations		75.460.054	53.974.537	78.758.980	59.543.111
Revenues from finance operations	24	18.283.377	9.457.247	16.525.693	7.795.469
Cost of revenues from finance operations (-)	24	(2.517.303)	(1.226.800)	(2.889.355)	(1.481.348)
Gross profit/(loss) from operations in finance sector		15.766.074	8.230.447	13.636.338	6.314.121
GROSS PROFIT/(LOSS)		91.226.128	62.204.984	92.395.318	65.857.232
Marketing expenses (-)	25	(25.102.694)	(12.857.123)	(18.699.944)	(8.371.673)
General administrative expenses (-)	25	(67.230.612)	(33.153.541)	(71.855.706)	(38.467.195)
Other operating income	27	5.193.887	248.311	5.298.337	3.001.170
Other operating expense (-)	27	(69.997.688)	(63.129.331)	(7.428.070)	(3.363.194)
OPERATING PROFIT/(LOSS)		(65.910.979)	(46.686.700)	(290.065)	18.656.340
Income from investing activities	28	259.057	13.521	147.428	115.100
Expense from investing activities (-)	28	(207.985)	(88.604)	(392.933)	(199.019)
Share of profit/(loss) of equity accounted investees		3.592.515	2.051.378	2.174.302	639.093
PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSE		(62.267.392)	(44.710.405)	1.638.732	19.211.514
Finance income	29	30.059.447	23.230.748	15.047.921	678.870
Finance expenses (-)	30	(133.864.823)	(68.268.265)	(84.201.396)	(37.049.385)
PROFIT/(LOSS) BEFORE TAX		(166.072.768)	(89.747.922)	(67.514.743)	(17.159.001)
Income tax credit / (expense)		5.865.226	(4.483.649)	22.139.881	14.507.400
- Current tax benefit / (expense)	34	(12.321.006)	(10.570.287)	(4.196.186)	(1.069.215)
- Deferred tax benefit / (expense)	34	18.186.232	6.086.638	26.336.067	15.576.615
NET PROFIT/(LOSS) FOR THE PERIOD		(160.207.542)	(94.231.571)	(45.374.862)	(2.651.601)
Profit/(loss) attributable to		(160.207.542)	(94.231.571)	(45.374.862)	(2.651.601)
- Non controlling interests		(22.440.471)	(13.258.529)	(305.523)	7.539.979
- Owners of the company	31	(137.767.071)	(80.973.042)	(45.069.339)	(10.191.580)
Earnings per share	31	(0,4572)	(0,2687)	(0,2568)	(0,0581)
Diluted earnings per share	31	(0,4572)	(0,2687)	(0,2568)	(0,0581)
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		58.066	(90.801)	(33.225)	131.284
Gains (Losses) on Remeasurements of Defined Benefit Plans		58.066	(90.801)	(33.225)	131.284
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		50.081.520	(17.879.816)	5.546.907	(5.974.671)
Exchange Differences on Translation		46.688.201	(48.510.321)	8.212.241	4.613.727
Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss		3.393.319	30.630.505	(2.665.334)	(10.588.398)
OTHER COMPREHENSIVE INCOME / (LOSS)		50.139.586	(17.970.617)	5.513.682	(5.843.387)
TOTAL COMPREHENSIVE INCOME/(LOSS)		(110.067.956)	(112.202.188)	(39.861.180)	(8.494.988)
Total comprehensive income/(loss) attributable to		(110.067.956)	(112.202.188)	(39.861.180)	(8.494.988)
Non-controlling interests		(9.556.104)	(33.404.091)	(244.671)	5.116.578
Owners of the company		(100.511.852)	(78.798.097)	(39.616.509)	(13.611.566)

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

Global Yatırım Holding A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the Six-Month Period Ended 30 June 2017
(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' Profits or Losses	Equity Attributable to Non-Controlling Interest	Total				
	Gains/(Losses) on Remeasurements of Defined Benefit Plans	Other Reserves Of Other Gains/(Losses)	Gains/Losses on revaluation and remeasurement	Other Gains or Losses on Hedge	Exchange Differences on Translation	Share premiums or discounts						Treasury Shares owned by the Company	Inflation Adjustments on Capital	Issued Capital	
Balance at 1 January 2016	193,590,000	34,659,630	(2,143,104)	18,430,125	(1,447,125)	14,497,128	(2,072,065)	(18,106,359)	37,379,903	5,915,337	(48,035,543)	166,123,976	506,703,827	413,983,111	916,686,938
Total comprehensive income															
Other Comprehensive Income/(Loss)															
Profit/(loss)															
Dividends Paid															
Transfers															
Balance at 30 June 2016	193,590,000	34,659,630	(2,143,104)	18,430,125	(1,400,330)	14,497,128	(2,072,065)	(19,171,691)	335,531,292	87,435,753	(45,609,339)	107,569,937	511,067,318	400,497,759	917,567,076
Balance at 1 January 2017	193,590,000	34,659,630	(19,900,777)	12,387,946	(3,546,219)	14,497,128	(702,901)	(33,062,300)	57,034,199	95,445,951	(10,299,491)	86,628,991	488,533,757	419,778,915	908,312,672
Total comprehensive income															
Other Comprehensive Income/(Loss)															
Increases/(Decrease) through Treasury Share Transactions															
Profit/(loss)															
Increases/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity															
Issue of equity															
Dividends Paid															
Transfers															
Balance at 30 June 2017	335,888,410	34,659,630	(40,974,259)	30,435,140	(3,488,153)	14,497,128	(2,483,764)	(33,096,709)	401,348,205	68,689,520	(37,767,071)	483,002,629	1,116,309,314	586,770,891	1,703,080,205

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

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

Global Yatırım Holding A.Ş. and its Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows for the Six-Month Period
Ended 30 June 2017
(Currency Turkish Lira ("TL") unless otherwise stated)

Notes	Reviewed	Reviewed
	1 January- 30 June 2017	1 January- 30 June 2016
Profit (Loss)	(160.207.542)	(45.374.862)
Adjustments for Depreciation and Amortisation Expense	26 97.506.034	77.680.693
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21 865.980	1.096.092
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	(3.592.515)	(2.174.302)
Adjustments for (Reversal of) Other Provisions	(1.981.429)	147.325
Adjustments for Interest Income	(13.325.311)	(7.950.034)
Adjustments for Interest expense	99.640.787	77.006.459
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	944.457	1.709.588
Adjustments for Tax (Income) Expenses	(5.865.226)	(22.139.881)
Adjustments for unrealised foreign exchange losses (gains)	10.556.749	19.381.857
Adjustments for losses (gains) on disposal of non-current assets	(207.985)	-
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	50.968.072	-
Other Adjustments to Reconcile Profit (Loss)	2.612.747	954.530
Adjustments to Reconcile Profit (Loss)	77.914.818	100.337.465
Decrease (increase) in Financial Sector Receivables	9.004.884	3.449.167
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	(2.434.226)	(13.050.735)
Adjustments for Decrease (Increase) in Inventories	(12.599.997)	(8.918.971)
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties	3.800.039	13.358.943
Increase (decrease) in Payables due to Finance Sector Operations	11.187.687	(1.507.321)
Increase (Decrease) in Employee Benefit Liabilities	(2.021.717)	910.457
Increase (Decrease) in Deferred Income	(785.092)	(6.193.495)
Decrease (Increase) in Other Assets Related with Operations	9.398.309	(16.165.706)
Increase (Decrease) in Other Payables Related with Operations	15.217.031	(10.503)
Dividends Received	-	576.774
Interest Paid	(2.174.379)	(2.529.534)
Interest Received	3.904.412	4.300.378
Payments Related with Provisions for Employee Benefits	(393.083)	(380.424)
Income Taxes Refund (Paid)	(10.820.002)	(2.917.850)
Changes in Working Capital	99.198.684	71.258.645
Proceeds from Sales of Property, Plant and Equipment	16 8.461.911	4.119.571
Proceeds from Sales of Intangible Assets	17 33.766	677.115
Purchase of Property, Plant and Equipment	16 (79.114.503)	(74.368.381)
Purchase of Intangible Assets	17 (1.994.672)	(6.115.535)
Paybacks from Other Cash Advances and Loans Made to Other Parties	(15.435.082)	(29.552.935)
Interest Received	9.603.366	2.562.417
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	615.542.844	-
Other Inflows (Outflows) of Cash	9.240.316	12.375.738
Cash Flows from (used in) Investing Activities	546.337.946	(90.302.010)
Cash Inflows from Sale of Acquired Entity's Shares or Other Equity Instruments	(21.064.482)	-
Proceeds from Loans	392.892.357	147.852.501
Proceeds From Issue of Debt Instruments	35.000.000	50.000.000
Loan Repayments	(541.461.950)	(89.398.402)
Payments of Issued Debt Instruments	(110.000.000)	(75.000.000)
Decrease in Other Payables to Related Parties	14.148.066	(6.682.268)
Dividends Paid	(14.044.477)	(13.218.682)
Interest Paid	(98.593.181)	(72.606.117)
Proceeds from Issuing Shares or Other Equity Instruments	324.351.604	-
Other Inflows (Outflows) of Cash	20.268.825	24.584.943
Cash Flows from (used in) Financing Activities	1.496.762	(34.468.025)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rate Changes	647.033.392	(53.511.390)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	10.172.382	1.853.685
Net Increase (Decrease) in Cash and Cash Equivalents	657.205.774	(51.657.705)
Cash and Cash Equivalents at the Beginning of the Period	7 160.944.293	236.503.075
Cash and Cash Equivalents at the End of the period	7 818.150.067	184.845.370

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

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

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"), natural 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 achievingement 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 30 June 2017, the number of employees of the Group is 1.335 (31 December 2016: 1.411).

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 Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

(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
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. (Salıpazarı)	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 Naturel 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)	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
Naturelgaz Sanayi ve Tic. A.Ş. (Naturelgaz)	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)	Turkey	Mining
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. (Global Gemicilik) (13)	Turkey	Maritime Investments
Creuers del Port de Barcelona, S.A. ("Barselona 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 Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

(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 Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş. (18)	Turkey	Energy Generation
Doğaldan Enerji Ürt. A.Ş. (18)	Turkey	Energy Generation
Ravi Güneş Enerjisi Üretim ve San. Ve Tic. A.Ş.(18)	Turkey	Energy Generation
Global Ports Holding Plc (22)	United Kingdom	Port Operations
Global Ports Holding B.V.(22)	Netherlands	Port Operations
Consus Energy B.V.	Netherlands	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	Natural Gas Sales
Ardus Gayrimenkul Yatırımları A.Ş. (21)	Turkey	Real Estate Investments
Barsolar D.O.O. (18)	Montenegro	Energy Generation
Glowell Energy Ltd (18)	Dubai	Energy Generation
Glerih Energy Ltd.(18)	Dubai	Energy Generation

- (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 30 June 2017, the Group's effective ownership rate in this company is 77,43% (31 December 2016: 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 30 June 2017 and 31 December 2016 it is excluded from the scope of consolidation (Note 2.1.f).

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

(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 30 June 2017 and 31 December 2016, 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, 100 % of shares of Ra Güneş, 100 % 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. As at reporting date 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 Passeggeri S.r.l (operating Cagliari Passenger Port) and 62% 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.
- (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 on 30 December 2016 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 Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

- (22) On 11 May 2017, the Group has completed the initial public offering ("IPO") of its ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, the company whose shares are started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownership & 49.038.000 shares) (a wholly subsidiary of the GIH) and European Bank for Reconstruction and Development (EBRD) (10,84% ownership & 5.962.000 shares). Together with the additional shares sale option, GIH has sold 10.967.532 shares in IPO and continue to own 60,6% of shares of Global Ports Holding Plc indirectly.

<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.
- (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 Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

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 m², operates in Marittima, S.Basilio and Rivadei Sette Martiri terminals in the size of 47.267 m². 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 Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

(a) Basis of Preparation of Financial Statements

Based on the standard TAS 34; "Interim Financial Reporting", companies which prepare their financial statements in compliance with Capital Market Board (CMB) prepare interim financial statements as either as a complete or condensed set of financial statements. As at 30 June 2017, 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 addition, the condensed consolidated accompanying interim 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 condensed consolidated interim financial statements of the Company as at 30 June 2017 have been approved for issue by the Board of Directors of the Company on 21 August 2017. General Assembly have the right to modify the issued financial statements.

Additional paragraph for convenience translation into English:

The differences between the accounting principles promulgated by Public Oversight of Accounting and Auditing Standards Board ("POA"), accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and IFRS have influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

(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 condensed consolidated interim 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 consistent with the methods used in the consolidated financial statements as at 31 December 2016.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(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.

As at 30 June 2017 and 31 December 2016, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	30 June 2017	31 December 2016
USD	3,5071	3,5192
Euro	4,0030	3,7099

(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

The condensed consolidated interim financial statements as at 30 June 2017 include the accounts of the parent company, Global Holding and its subsidiaries, its joint ventures and its associates. The basis of consolidation used in the preparation of the condensed consolidated interim financial statements is consistent with the basis applied in the consolidated financial statements as at 31 December 2016.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

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

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

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 30 June 2017 Randa in which the Group has effective ownership interests of 99,9% (31 December 2016: 99,9%), 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, Consus Energy BV in which the Group has effective ownership interests of 100% and Global Gemicilik in which the Group has an ownership interest of 90% are not consolidated and disclosed as available for sale financial assets carried at cost less any impairment losses.

2.2 Statement of Compliance to TAS

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation. The foreign subsidiaries, joint ventures and associates maintain their books of account and prepare their statutory financial statements in their local currencies in accordance with the laws and regulations in force in the countries in which they are registered.

The accompanying condensed consolidated interim financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") published by POA. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and related appendix and comments including POA's Principle Decisions.

The accompanying condensed consolidated interim financial statements are prepared fairly and based on the statutory financials of the Company and its subsidiaries, with adjustments and reclassifications made in accordance with TAS.

The condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2017 are in compliance with TAS 34, "Interim Financial Reporting". The condensed consolidated interim financial statements doesn't contain all information and explanations included in the annual financial statements and must be read together with the annual financial statements as at 31 December 2016, together.

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) consider uniform chart of accounts issued by Turkish Commercial Code ("TCC"), tax legislation and Turkish Republic of Ministry of Finance for keeping accounting records and preparing statutory financial statements.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

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

2.3 Changes in Accounting Policies

The accounting policies applied in the condensed consolidated interim financial statements as at 30 June 2017 is consistent with the basis applied in the consolidated financial statements as at 31 December 2016.

2.4 Summary of Significant Accounting Policies

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at 30 June 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2017. The effects of these standards and interpretations on the Group's consolidated financial position and consolidated performance have been disclosed in the related paragraphs.

2.5 New and Revised Turkish Accounting Standards

Standards that have been implemented in 2017 and new standards and comments that have not yet been implemented

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

None.

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> ¹
TFRS 15	<i>Revenue from Contracts with Customers</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2017

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 New and Revised Turkish Accounting Standards (continued)

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

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.

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.

TFRS 15 also clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

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

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3 BUSINESS COMBINATIONS

The Group has no acquisition for the six-month period ended 30 June 2017. The detail of acquisitions, which are accounted in the consolidated financial statements as of 31 December 2016 in compliance with "IFRS 3 Business Combinations", are presented in the Note of "Business Combinations" of the consolidated financial statements as at 31 December 2016.

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, natural 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") are reviewed in the assessment of the financial performance of the operating segments. The Group management does not present income / expenses incurred by these companies in their EBITDA due to their main activities in order to follow the operational and cash based results of the Group companies. These income / expenses includes other operating income/expenses, acquisition/sale of subsidiary, project expenses related to the public offering of the subsidiaries, revaluation gains/impairment losses and other non-cash income and expenses. Information related to the operating segments of the Group is presented later in this note.

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5 SEGMENT REPORTING (continued)

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Revenues				
Segment revenues	346.852.388	202.689.529	280.914.114	172.194.294
Elimination of inter-segment revenues (*)	4.931.659	2.570.338	(365.803)	(365.803)
Consolidated revenues	351.784.047	205.259.867	280.548.311	171.828.491
	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Consolidated EBITDA	113.561.131	79.483.516	97.522.992	75.957.293
Finance income (Note 29)	30.059.447	23.230.748	15.047.921	678.870
Finance expenses (Note 30)	(133.864.823)	(68.268.265)	(84.201.396)	(37.049.385)
Non-operating income/(expenses) (**)	(78.322.489)	(75.165.087)	(18.203.567)	(18.203.567)
Depreciation and amortisation expenses (Note 26)	(97.506.034)	(49.028.834)	(77.680.693)	(38.542.212)
Consolidated profit/(loss) before income tax	(166.072.768)	(89.747.922)	(67.514.743)	(17.159.001)
	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Segment finance income	37.978.737	27.585.625	20.473.676	3.713.888
Elimination of inter-segment finance income	(7.919.290)	(4.354.877)	(5.425.755)	(3.035.018)
Total finance income (Note 29)	30.059.447	23.230.748	15.047.921	678.870
	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Segment finance expenses	(141.787.837)	(72.739.865)	(89.613.714)	(40.070.642)
Elimination of inter-segment finance expenses	7.923.014	4.471.600	5.412.318	3.021.257
Total finance expenses (Note 30)	(133.864.823)	(68.268.265)	(84.201.396)	(37.049.385)

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

(**) Includes other operating income/expenses, acquisition/sale of subsidiary, project expenses related to the public offering of the subsidiaries, revaluation gains/ impairment losses and other non-cash income and expenses.

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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 30 June 2017 and 31 December 2016, current receivables from operations in finance sector-due from related parties comprised the following:

Current receivables from operations in finance sector - due from related parties

	<u>30 June 2017</u>	<u>31 December 2016</u>
Turkcom (*)	-	11.418.780
IEG Kurumsal Finansal Danışmanlık A.Ş.	886.952	840.152
Other	84.089	63.002
Total	971.041	12.321.934

(*) 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 30 June 2017 and 31 December 2016, other current receivables from related parties comprised the following:

Other current receivables from related parties

	<u>30 June 2017</u>	<u>31 December 2016</u>
Mehmet Kutman ⁽¹⁾	10.117.356	10.378.233
Venezia Investimenti SRL	4.949.174	4.140.058
Turkcom	6.570	29.780
Erol Göker ⁽¹⁾	6.316.600	6.034.338
Other	6.703.465	4.666.507
Total ⁽²⁾	28.093.165	25.248.916

(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: 30 June 2017: 9,75 %, 31 December 2016: 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 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 30 June 2017 and 31 December 2016, this receivable has been classified in other current receivables from related parties in the balance sheet. As at 30 June 2017, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 917.462. The total loan amounted to USD 10.723.839 (equivalent to TL 37.609.576). 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 and the total loan amounted to USD 10.857.086 (equivalent to TL 38.208.257).

As at 30 June 2017, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 65.702.741 in the consolidated financial statements (31 December 2016: TL 63.457.173).

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consists of the Chairman and members of the Board of Directors, general manager, assistant general managers and directors. The compensation of key management personnel includes wages, premiums and health insurance. As at 30 June 2017 and 2016, the details of compensation of key management personnel comprised the following:

	<u>30 June 2017</u>	<u>30 June 2016</u>
Salaries	9.122.965	8.787.556
Bonuses	3.303.142	2.248.204
Attendance fee	1.024.436	1.224.242
Other	578.548	633.329
	<u>14.029.091</u>	<u>12.893.331</u>

The Group's interest income earned from the loan provided to key management for the year ended 30 June 2017 amounts to TL 788.266 (1 January-30 June 2016: TL 565.313).

Transactions with other related parties

For the six-month periods ended 30 June 2017 and 2016, significant transactions with other related parties comprised the following:

	<u>1 January-30 June 2017</u>			<u>1 January-30 June 2016</u>		
	Interest Received	Other income	Commission for letter of guarantee given	Interest Received	Other income	Commission for letter of guarantee given
Turkcom (*)	775	-	-	822.845	-	-
Mehmet Kutman (*)	302.109	-	350.000	379.570	-	350.000
Erol Göker	4.695	-	-	98.319	-	-
Other	-	-	-	45.782	1.411.762	-
Total	<u>307.579</u>	<u>-</u>	<u>350.000</u>	<u>1.346.516</u>	<u>1.411.762</u>	<u>350.000</u>

(*) Includes margin lending and advance interest.

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7 CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Cash on hand	257.944	333.741
Cash at banks	840.378.534	205.888.378
-Demand deposits	483.768.440	78.096.097
-Time deposits	356.610.094	127.792.281
Receivables from Takasbank	-	19.193
Other	2.728.714	2.799.678
Cash and cash equivalents	843.365.192	209.040.990
Blocked deposits	(25.215.125)	(48.096.697)
Cash and cash equivalents for cash flow purposes	818.150.067	160.944.293

As at 30 June 2017 and 31 December 2016, maturities of time deposits comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Up to 1 month	349.488.859	127.470.262
1-3 months	7.121.235	322.019
	356.610.094	127.792.281

As at 30 June 2017 and 31 December 2016, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Interest rate range for time deposit - TL	11,00% - 15,50%	8,50% - 11,00%
Interest rate for time deposit - USD	0,80%-1,25%	0,35%-0,50%

As at 30 June 2017, cash at banks amounting to TL 16.074.182 (31 December 2016: TL 37.858.016) is blocked due to bank borrowings and letters of guarantee by the banks. As at 30 June 2017, TL 7.050.418 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by the CMB (31 December 2016: TL 9.047.863). As at 30 June 2017 TL 2.090.525 (31 December 2016: TL 1.190.818) of other cash equivalents are blocked at banks until their maturities. Financial risk with respect to cash and cash equivalents are detailed in Note 33.

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8 FINANCIAL INVESTMENTS

As at 30 June 2017 and 31 December 2016, the details of financial investments comprised the following:

Current assets	30 June 2017	31 December 2016
Financial assets held for trading	2.263.310	10.892.959
Other	719.838	1.193.005
Total	2.983.148	12.085.964
Non current assets		
Financial assets available for sale	4.139.121	4.276.621
Total	4.139.121	4.276.621

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

	30 June 2017	31 December 2016
Debt securities (governmental bonds)	275.325	1.093.957
Equity securities	899.132	8.788.992
Investment funds participations	1.088.853	1.010.010
	2.263.310	10.892.959

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 30 June 2017 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2016: TL 9.402).

As at 30 June 2017 and 31 December 2016, 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)

	<u>30 June 2017</u>	<u>31 December 2016</u>
Equity securities		
- Unquoted to an active market	4.139.121	4.276.621
Total	<u>4.139.121</u>	<u>4.276.621</u>

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

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Share ratio (%)	Book value	Share ratio (%)	Book value
Borsa İstanbul A.Ş.	0,08	2.683.145	0,08	2.683.145
Bakü Borsası	5,50	137.523	5,50	137.523
Other		1.318.453		1.455.953
Total		<u>4.139.121</u>		<u>4.276.621</u>

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 30 June 2017 and 31 December 2016, financial liabilities comprised the following:

Short term borrowings	30 June 2017	31 December 2016
Short term bank loans	95.234.773	244.383.130
-TL Loans	43.471.849	184.509.500
-Foreign currency loans	51.762.924	59.873.630
Total	95.234.773	244.383.130
Short term portion of long term borrowings	30 June 2017	31 December 2016
Short term portion of long term bank loans	206.098.125	163.851.547
-TL Loans	24.558.035	21.243.452
-Foreign currency loans	181.540.090	142.608.095
Debt securities issued	283.519.920	357.131.657
- TL debt securities	156.702.025	233.046.378
-Foreign currency debt securities	126.817.895	124.085.279
Finance lease obligations	29.518.840	28.003.611
Total	519.136.885	548.986.815
Long term borrowings	30 June 2017	31 December 2016
Long term bank loans	607.818.970	519.282.425
-TL Loans	35.387.714	35.733.871
-Foreign currency loans	572.431.256	483.548.554
Debt securities issued	875.406.558	878.557.811
- TL debt securities	57.639.355	57.669.457
-Foreign currency debt securities	817.767.203	820.888.354
Finance lease obligations	59.803.998	68.038.654
Total	1.543.029.526	1.465.878.890
Total borrowings	2.157.401.184	2.259.248.835

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

Years	30 June 2017	31 December 2016
2018	232.466.640	230.443.572
2019	219.861.634	170.784.824
2020	172.757.680	142.839.359
2021 and after	858.139.574	853.772.481
Total	1.483.225.528	1.397.840.236

Maturity profile of finance lease obligations comprised the following:

	30 June 2017			31 December 2016		
	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	46.497.135	16.978.295	29.518.840	30.222.980	2.219.369	28.003.611
Between one and five years	102.179.701	42.375.703	59.803.998	74.530.439	6.491.785	68.038.654
Total	148.676.836	59.353.998	89.322.838	104.753.419	8.711.154	96.042.265

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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 30 June 2017, 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 2016: USD 24.144.000). 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 "Financial Instruments". As at 30 June 2017, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 15.975.000 (31 December 2016: USD 15.975.000).

The General Assembly of the Bonds Owned by the Bondholders of the CMB on 15 June 2017; it has been decided to extend the market by 30 June 2022, by setting various improvements in favor of the Company, including the reduction of the bond interest to 8%. As of the reporting date, a total amount of USD 11.986.000 is paid to the debt holders who demanded the deposit of their treasury deposits and the remaining net debt amount is USD 3.989.000.

- (ii) 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 loan amount was paid on maturity and the loan was closed on 2 May 2017.

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.

The Company has issued bonds to qualified investors amounting to TL 35.000.000 with 91 days maturity and an interest rate of GDS+4,00% on 10 May 2017. The loan amount was paid on maturity and the loan was closed on 9 August 2017.

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9 FINANCIAL LIABILITIES (continued)

(iii) 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 30 June 2017 is EURO 3.767.064. (31 December 2016: EURO 6.308.532).

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 30 June 2017 is EURO 2.760.873. (31 December 2016: EURO 3.457.249).

On 23 January 2017, the Company has borrowed a total of EURO 21.000.000, with an interest rate of Euribor + 7,35 % and maturity on 23 January 2020. Interest and principal are paid every six months. The remaining principal amount of the loan as at 30 June 2017 is EURO 21.000.000.

(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 11.148.920, 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 15.623.145 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 30 June 2017 is EURO 7.500.000 (31 December 2016: 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, Naturelğaz has borrowed a total of TL 20.343.995 and USD 23.021.250, 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. 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 and will be paid every six months within a certain payment plan. These loans have financial commitments as defined specifically in relation to their respective debt agreements.
- (viii) Straton Maden entered into a loan agreement with interest rates of 0,35% 1,34% and Euribor +%3 to finance investing activities. The remaining principal amount of the loan as at 30 June 2017 is EURO 9.503.364.
- (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 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 Naturelğaz 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 30 June 2017 are EURO 33.436.239 and EURO 2.398.742 respectively. There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 78.620.361) and Creuers shares amounting to Euro 1.863.138 (TL 7.458.141) 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 30 June 2017 is EURO 5.618.703.

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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). The remaining principal amount of the loan as at 30 June 2017 is USD 32.602.353.
- (xvi) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a six-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. The remaining principal amount of the loan as at 30 June 2017 is EURO 17.100.000
- (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.

10 TRADE RECEIVABLES AND PAYABLES

Current Trade receivables

As at 30 June 2017 and 31 December 2016, current trade receivables other than due from related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Receivables from customers	127.973.869	87.213.441
Doubtful receivables	9.981.597	9.251.994
Allowance for doubtful receivables	(9.981.597)	(9.251.994)
Other	1.425.131	1.314.343
Total	<u>129.399.000</u>	<u>88.527.784</u>

The movement of the allowance for doubtful trade receivables during the six-month periods ended 30 June 2017 and 30 June 2016 comprised the following:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the period (1 January)	(9.251.994)	(7.332.113)
Allowance for the period	(332.466)	(222.728)
Cancellation of allowances and collections	659.751	200.772
Exchange differences on translation	(1.056.888)	(192.989)
Balance at the end of the period (30 June)	<u>(9.981.597)</u>	<u>(7.547.058)</u>

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

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10 TRADE RECEIVABLES AND PAYABLES (continued)

Short-term trade payables

As at 30 June 2017 and 31 December 2016, short-term trade payables other than due to related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Payables to suppliers	98.559.675	94.175.135
Other payables	29.822	715.121
Other	100.798	-
Total	<u>98.690.295</u>	<u>94.890.256</u>

11 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 30 June 2017 and 31 December 2016, other current receivables other than due from related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Deposits and advances given	4.280.977	4.610.022
Receivables from subsidiaries' and joint ventures' other shareholders	923.671	555.940
Tax returns	5.154.959	6.592.811
Other	3.558.053	3.895.806
Total	<u>13.917.660</u>	<u>15.654.579</u>

Other non-current receivables

As at 30 June 2017 and 31 December 2016, other non-current receivables other than due from related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Reimbursement of payments related to Baskent Dogalgaz lawsuit (Note 19)	58.463.357	58.665.064
Deposits and advances given	7.914.123	3.206.057
Receivables from Ada Metal	4.312.365	4.312.365
Other	10.386.900	9.359.560
Total	<u>81.076.745</u>	<u>75.543.046</u>

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11 OTHER RECEIVABLES AND PAYABLES (continued)

Other short-term payables

As at 30 June 2017 and 31 December 2016, other short-term payables other than due to related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Due to subsidiaries' and joint ventures' other shareholders	7.905.791	5.942.980
Taxes payable	5.648.079	9.108.065
Tax amnesty obligations	1.854.483	1.560.225
Other	11.817.564	7.993.339
Total	<u>27.225.917</u>	<u>24.604.609</u>

Other long-term payables

As at 30 June 2017 and 31 December 2016, other long-term payables other than due to related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Consideration payable (*)	4.903.721	4.903.721
Deposits and advances given	5.533	6.030
Tax amnesty obligations	-	1.679.428
Other	11.515.131	7.688.054
Total	<u>16.424.385</u>	<u>14.277.233</u>

(*) 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.

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12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 30 June 2017 and 31 December 2016, current receivables from operations in finance sector other than due from related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Receivables from customers	39.431.660	29.594.698
Receivables from money market	34.754.000	16.269.000
Doubtful receivables	1.228.581	1.524.229
Allowance for doubtful receivables	(1.228.581)	(1.524.229)
Other trade receivables	103.553	312.418
Total	<u>74.289.213</u>	<u>46.176.116</u>

Short-term liabilities

As at 30 June 2017 and 31 December 2016, short-term liabilities due to operations in finance sector other than due to related parties comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Payables to money market	58.100.604	45.817.001
Payables to customers	4.558.236	3.082.450
Payables to suppliers	1.437.255	3.219.144
Other	7.613	797.426
Total	<u>64.103.708</u>	<u>52.916.021</u>

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13 INVENTORIES

As at 30 June 2017 and 31 December 2016, inventories comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Trading properties	18.764.324	18.867.513
Raw materials (*)	71.289.407	60.158.873
Commercial goods (**)	12.720.497	10.885.277
Provision for inventories (**)	(10.131.158)	(10.131.158)
Other	2.481.554	2.283.585
Total	<u>95.124.624</u>	<u>82.064.090</u>

The details of trading properties as follows :

	<u>30 June 2017</u>	<u>30 June 2016</u>
Balance at the beginning	18.867.513	20.020.061
Additions	8.434.827	4.984.602
Disposals	(8.538.016)	(5.367.114)
	<u>18.764.324</u>	<u>19.637.549</u>

(*) Bulk of inventories for raw materials comprised of inventories held by Straton Maden and Naturelgaz.

(**) As at 30 June 2017 and 31 December 2016 commercial goods and provision for inventories amounting to TL 9.435.881 consists of asphaltite stocks of Geliş Madencilik.

As at 30 June 2017 and 31 December 2016, 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.

As at 30 June 2017 additions includes expenses for the office project amounting to TL 8.434.827.

As at 30 June 2016 additions includes expenses for the office project amounting to TL 4.912.823 and progress invoices of 3rd Blok amounting to TL 71.779.

As at 30 June 2017 and 31 December 2016, 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 30 June 2017 and 31 December 2016, current prepayments comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Prepaid expenses (*)	9.946.884	9.732.925
Other advances given(**)	27.788.138	25.609.335
Order advances given for inventories	427.571	828.419
Other	9.570.259	5.959.768
Total	<u>47.732.852</u>	<u>42.130.447</u>

Prepayments-non current

As at 30 June 2017 and 31 December 2016, non-current prepayments comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Advances given (**)	16.071.569	29.670.917
Prepaid expenses (*)	12.085.641	12.024.645
Other	957.788	1.383.693
Total	<u>29.114.998</u>	<u>43.079.255</u>

(*) As at 30 June 2017 and 31 December 2016, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.

(**) As at 30 June 2017 and 31 December 2016, 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 30 June 2017 and 31 December 2016, short-term deferred income comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Advances received (*)	16.425.966	12.264.058
Deferred income	3.408.385	3.098.728
Other	79.634	99.487
Total	<u>19.913.985</u>	<u>15.462.273</u>

(*) 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.

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15 INVESTMENT PROPERTY

Movements of investment property during the six-month periods ended 30 June 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Carrying value as at 1 January	414.323.250	374.912.000
Currency translation differences	(754.325)	(870.686)
Carrying value as at 30 June	<u><u>413.568.925</u></u>	<u><u>374.041.314</u></u>

For the six-month period ended 30 June 2017 and 2016, additions are related to the investments of the projects in the construction phase.

Investment property consists of Sümerpark AVM, lands and school in Denizli and Van Shopping Mall which started to operations in 2015.

Sümerpark Shopping Mall has been officially opened on 12 March 2011 after the construction is completed. As at 30 June 2017, the fair value of Sümerpark Shopping Mall is amounting to TL 159.978.000 (31 December 2016: TL 159.978.000).

The Group has 16.611 m² 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 as at 31 December 2015. As at 30 June 2017, the fair value of Van Shopping Mall is amounting to USD 62.340.944 (TL 218.635.925) (31 December 2016: USD 62.340.944).

16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the six-month periods ended 30 June 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Carrying value as at 1 January	754.500.121	563.508.560
Additions	79.114.503	74.368.381
Disposals	(8.669.896)	(4.119.571)
Current period depreciation	(33.810.776)	(24.778.480)
Transfer	(272.257)	-
Currency translation differences	24.415.548	603.568
Carrying value as at 30 June	<u><u>815.277.243</u></u>	<u><u>609.582.458</u></u>

A significant portion of the additions are comprised of construction in progress, machinery and equipment and furniture and fixtures for the six-month periods ended 30 June 2017 and 2016.

For the six-month periods ended 30 June 2017 and 2016, there is no capitalized finance expense on the property, plant and equipment.

The details of mortgages and pledge on property, plant and equipment are presented in Note 20.

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17 INTANGIBLE ASSETS AND GOODWILL

a) Other Intangible assets:

	<u>2017</u>	<u>2016</u>
Carrying value as at 1 January	<u>1.709.911.238</u>	<u>1.557.059.796</u>
Additions	1.994.672	6.115.535
Disposals	(33.766)	(677.115)
Impairment (*)	(50.672.736)	-
Current period amortization	(63.695.258)	(52.902.213)
Transfer	275.265	-
Currency translation differences	66.967.184	9.573.988
Carrying value as at 30 June	<u><u>1.664.746.599</u></u>	<u><u>1.519.169.991</u></u>

b) Goodwill:

	<u>2017</u>	<u>2016</u>
Carrying value as at 1 January	<u>71.533.722</u>	<u>56.242.758</u>
Currency translation differences	1.130.311	(180.046)
Carrying value as at 30 June	<u><u>72.664.033</u></u>	<u><u>56.062.712</u></u>

The Group evaluated the goodwill impairment indicators starting from 31 December 2016 and concluded that no impairment test is necessary as at 30 June 2017.

The basic assumptions related to the goodwill impairment tests as at 30 June 2017 are presented in the related disclosures in the consolidated financial statements as at 31 December 2016.

(*) As at 30 June 2017, the Group has accounted provision related to HPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

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18 EQUITY ACCOUNTED INVESTEEES

As at 30 June 2017 and 31 December 2016, the details of financial information related to equity accounted investees are as follows:

	Effective	Effective	Carrying value	
	voting power	ownership held	30 June 2017	31 December 2016
Assets				
Port of Singapore	40,00%	22,11%	8.680.601	5.582.371
Port of Lisbon	50,00%	41,19%	27.080.528	23.898.054
Venezia(**)	25,00%	22,29%	32.476.624	30.807.943
Axel Corporation Grupo Hotelero SL (***)	15,00%	15,00%	9.184.418	7.376.514
La Spezia	30,00%	25,00%	140.261	129.990
Total Assets			77.562.432	67.794.872
Liabilities				
IEG (*)	50,00%	39,00%	(577.046)	(566.722)
Total Liabilities			(577.046)	(566.722)
			76.985.386	67.228.150

(*) Since the Group will compensate the liabilities of IEG based on the 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. As of reporting date the Group consolidate its financial statements as equity accounted investment method.

(***) 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)

30 June 2017	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expenses	Net Profit/Loss for the period
IEG	523.653	8.875	532.528	(1.686.621)	-	(1.686.621)	22.408	(43.057)	(20.649)
Port of Lisbon	18.321.323	66.098.634	84.419.957	(18.221.275)	(12.037.626)	(30.258.901)	7.835.015	(5.291.276)	2.543.739
Port of Singapore	38.827.258	9.897.655	48.724.913	(19.625.453)	(7.397.957)	(27.023.410)	28.367.956	(21.349.318)	7.018.638
Venezia Investimenti	6.486.200	124.003.756	130.489.956	(583.462)	-	(583.462)	-	(3.005.968)	(3.005.968)
Axel Corporation Grupo Hotelero SL	31.430.999	39.151.882	70.582.881	(16.430.337)	(2.023.747)	(18.454.084)	36.881.514	(35.048.140)	1.833.374
La Spezia	467.537	-	467.537	-	-	-	-	-	-

31 December 2016	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expense	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	-	-	-	-	-	-

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

19.1 Other provisions

Other Short-Term Provisions

	30 June 2017	31 December 2016
Provision for lawsuits	6.264.385	5.460.285
Provision for consultancy expenses	1.497.831	3.818.716
Other short-term provisions	9.274	-
	7.771.490	9.279.001

Other Long-Term Provisions

	30 June 2017	31 December 2016
Replacement provisions for Creuers	55.924.125	47.464.473
Restructing provisions for Port of Bar	5.003.750	4.822.870
	60.927.875	52.287.343

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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 labour 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 employees of Port of Adria in Karadağ 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 on 30 December 2013 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. Upon examination by the Higher Court of a group of cases the Court concluded that the Collective Agreement is not valid after 30 September 2010. The Court is currently examining remainder of the cases.
- (ii)* 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.
- (iii)* 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. In addition to the certain reasons and 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 Guaranteesubmitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

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

19.2 Legal issues *(continued)*

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 Plenary 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.

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 that provided the Letter of Guarantee 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.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

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. The Court has ruled to decline revocation petition on the hearing held on 31 May 2017. The Court also send the writ to the 13th Chamber of Council of State. The 13th Chamber of the Council of State stipulated that the file is still before The Council of State- Plenary Session of the Chambers for Administrative Cases. Next hearing will be held on 29 November 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. As of 30 June 2017, USD 16.670.000 (TL 58.463.357) is accounted for under "other receivables" as "reimbursement of provisions" (31 December 2016: 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 March 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 2016/37E detailed above. Next hearing will be held on 27 December 2017.

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

19.2 Legal issues *(continued)*

- (iv) 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. The file is currently in the preliminary examination stage.
- (v) Dağören, one of Group'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. The Thirteenth Chamber of the Council of State approved the decision of the court of first instance and this decision was received by the Group lawyers on May 2017 and applied for the rectification of such decision.

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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.

As at 30 June 2017, the Group has accounted provision related to HPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

- (vi) Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2nd 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. 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 expert report has not been received in the hearing held on 13 April 2017 by the Court. Due to this reason, the Court granted an extension of time for 6 months to the Commission of Experts. The next hearing will be held on 5 October 2017.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

There is no any other substantial alteration in relation to other lawsuits affecting the financial statements as from the reporting date the consolidated financial statements dated 31 December 2016 submitted by the Group.

19.3 Contingent assets and liabilities

Details of the Group's guarantees, pledges and mortgages ("GPM's") are presented in Note 20. The Group's other contingent assets and liabilities are disclosed in the consolidated financial statements as at 31 December 2016. As at 30 June 2017, there were no significant changes in these contingent assets and liabilities.

20 COMMITMENTS

As at 30 June 2017 and 31 December 2016 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

30 June 2017

	TL Equivalent	Original Amount		
		TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	413.027.251	233.146.831	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	964.132.311	207.073.344	140.463.707	66.060.130
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	-	-	-	-
Total	1.377.159.562	440.220.175	150.663.707	102.060.130

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	-	-	-	-
Total	1.329.526.895	408.014.929	148.933.459	107.114.838

As at 30 June 2017 the ratio of other GPMs given to the Group's equity is 0% (31 December 2016: 0%).

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20 COMMITMENTS (continued)

Guarantees and the details of the GPMs given by the Group are presented below:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Given to Energy Market Regulatory Authority (1)	1.885.100	417.500
Given for tenders	4.648.485	1.446.207
Given as a guarantee for commercial contracts	26.674.825	22.259.400
Given to Borsa Istanbul	9.634.500	9.362.500
Given to Takasbank	32.525.000	30.525.000
Given to Privatization Administration	8.969.303	9.000.099
Given to supply for natural gas	3.746.605	23.952.611
Given to courts, ministries, Tax Administration	2.475.323	1.876.684
Given to Capital Markets Board	4.576	4.576
Other	55.262.093	36.294.543
Total letters of guarantee	<u>145.825.810</u>	<u>135.139.120</u>
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	570.094.911	556.610.217
Pledges on equity securities (3)	243.254.415	200.480.494
Sureties given (4)	417.984.426	437.297.064
Total contingent liabilities	<u>1.377.159.562</u>	<u>1.329.526.895</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 30 June 2017, there is a mortgage amounting to TL 120.000.000 and Euro 15.000.000 (TL 60.045.000) 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 2016: TL 120.000.000 and Euro 15.000.000).

As at 30 June 2017, 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 60.045.000) (31 December 2016 : TL 84.500.000 and Euro 15.000.000). In addition as at 30 June 2017, 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 175.355.000) (31 December 2016 : USD 50.000.000 (TL 175.960.000)).

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20 COMMITMENTS (continued)

As at 30 June 2017, there is a pledge over the property, plant and equipment of Port of Bar amounting to Euro 1.000.000 (TL 4.003.000) 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 54.012.647). As at 30 June 2017, there is a pledge over the property, plant and equipment of Ortadoğu Liman amounting to USD 3.150.000 (TL 11.047.365) with respect to the loans obtained by Ortadoğu Liman. As at 30 June 2017, there is a pledge over the property, plant and equipment of Pera amounting to TL 1.086.899 with respect to the lease agreements of Pera.

(3) Pledges on equity securities:

As at 30 June 2017, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 35.772.420) (31 December 2016: TL 35.895.840) and equity shares amounting to TL 9.402 (31 December 2016: TL 9.402) as collateral with respect to ongoing legal proceedings. There are pledges on shares with a nominal value of subsidiaries of Group which operating in Port Operations amounting to TL 102.797.667, naturelgas/mining/energy generation amounting to TL 20.900.000 and real estate development amounting to TL 38.600.000 with respect to the loans obtained by the Group.

As at 30 June 2017, treasury shares amounting to TL 15.650.000 (31 December 2016: TL 15.650.000) as mentioned in Note 23.1 has been pledged for loans and debt securities. As at 30 June 2017, financial investments with a registered value of TL 102.926 are pledged to the CMB.

(4) Securities given:

As at 30 June 2017, the Group provided surety amounting to EURO 23.289.728, USD 76.651.166 and TL 55.932.341, a total of amounting to TL 417.984.426 (31 December 2016: TL 437.297.064) with respect to loan and lease agreements of subsidiaries of the Group.

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21 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 30 June 2017 and 31 December 2016, payables related to employee benefits comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Payables to personnel	5.366.775	2.462.075
Social security premiums payable	2.379.270	4.560.247
Other	239.706	2.985.146
Total	<u>7.985.751</u>	<u>10.007.468</u>

Provisions for employee benefits

As at 30 June 2017 and 31 December 2016, provisions for employee benefits comprised the following:

Short term provisions

	<u>30 June 2017</u>	<u>31 December 2016</u>
Provision for notice pay and vacations	3.327.092	3.079.790
Provision for personnel premium	194.289	185.906
	<u>3.521.381</u>	<u>3.265.696</u>

Long term provisions

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

	<u>30 June 2017</u>	<u>31 December 2016</u>
Provision for employment termination indemnity	9.030.424	9.960.330
	<u>9.030.424</u>	<u>9.960.330</u>

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 30 June 2017 (31 December 2016: TL 4.297).

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

For the six-month periods ended 30 June 2017 and 2016, the movement of the provision for employment termination indemnity as follows:

	<u>2017</u>	<u>2016</u>
Balance at 1 January	9.960.330	7.497.354
Interest for the period	153.212	30.971
Current service costs	770.834	1.106.652
Paid during the period	(393.083)	(380.424)
Currency translation differences	(1.402.803)	287.344
Actuarial gain/losses	(58.066)	(41.531)
Balance at 30 June	<u>9.030.424</u>	<u>8.500.366</u>

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22 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 30 June 2017 and 31 December 2016, other current assets comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Deferred value added tax (*)	30.607.961	30.533.621
Job and salary advances given to personnel	6.918.868	5.274.661
Income accruals	4.315.886	3.977.054
Other	1.996.698	1.957.648
Total	<u>43.839.413</u>	<u>41.742.984</u>

(*) 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 30 June 2017 and 31 December 2016, other non-current assets comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Deferred value added tax (*)	4.593.318	4.428.595
Job and salary advances given to personnel (**)	10.640.437	10.080.373
Total	<u>15.233.755</u>	<u>14.508.968</u>

(*) 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 30 June 2017 and 31 December 2016, other short-term liabilities comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Liability accruals for contracting firms	2.668.360	8.574.831
Liabilities related with real estate (*)	4.168.000	4.168.000
Expense accruals	5.631.963	6.663.687
Other	2.607.124	732.195
Total	<u>15.075.447</u>	<u>20.138.713</u>

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

d) Current income tax assets

As at 30 June 2017 and 31 December 2016, current income tax assets comprised the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Prepaid taxes and funds	6.688.192	7.679.536
Others	609.136	5.733.747
Total	<u>7.297.328</u>	<u>13.413.283</u>

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23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS

23.1 Share capital / Treasury shares

Share capital:

As at 30 June 2017 the Company's statutory nominal value of paid-in share capital consists of 325.888.410 registered shares with a par value of TL 0,01 each. 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 0,01 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares)

The issued capital of the Company is TL 325.888.410 and the authorized capital ceiling is TL 650.000.000. The shareholder structure of the Company is as follows:

	30 June 2017		31 December 2016	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	21,39%	69.691.595	35,36%	69.006.595
F.A.B Partners LP	30,68%	100.000.000	-	-
Erol Göker	0,15%	488.707	0,25%	488.707
Publicly traded other shares	47,78%	155.708.108	64,39%	124.004.698
Total	100%	325.888.410	100%	193.500.000
Inflation accounting adjustment		34.659.630		34.659.630
Inflation adjusted capital		360.548.040		228.159.630

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

The Company is required to pay a portion of the nominal value of TL 100.000.000 , in the registered capital ceiling amounting to TL 650.000.000, from the shares to be issued by the Company to the existing shareholders for the increase of the capital amounting to TL 193.500.000 as of 14 April 2017 and that shareholders who wish to participate in the capital increase in relation to this may be required to participate in the capital increase. After the announcement, the right to receive a new share with a total nominal value of TL 32.388.410 within the period of using the new share purchase right has been used by the shareholders and the total nominal value not used is consistent with TL 67.611.590 and the shares have been canceled.

The portion of the Company's issued shares with a nominal value of TL 100,000,000 was transferred to F.A.B. Partners LP in The Wholesale Market of Istanbul Stock Exchange on 14 June 2017.

As a result of the above mentioned transactions, the newly issued capital of the Company has reached TL 325.888.410.

The detail information about privileged shares are disclosed in the consolidated financial statements as at 31 December 2016.

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23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

23.1 Share capital / treasury shares (continued)

Treasury shares

Some of the subsidiaries of the Company repurchased 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 "Own shares acquired and sold" in the consolidated statement of changes in equity. As at 30 June 2017, the Company held 24.591.587 shares of Global Yatırım Holding A.Ş (31 December 2016: 16.017.730 shares), with the cost of TL 40.974.259 (31 December 2016: TL 19.909.777).

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 30 June 2017, the Group made provision for the shares owned by the Company amounting to TL 40.974.259 accounted under restricted reserves in the consolidated financial statements (31 December 2016: TL 19.909.777).

23.2 Share premium/discounts

Share premium represents the inflow of cash arising from the sales of shares on market value. The premium amount is included in equity and can not 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

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.

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23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS *(continued)*

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 recognized in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applying since 1 October 2013 and the Group has recognized income amounting to TL 2.859.394 for the six month period ended 30 June 2017 and has recognized loss amounting to TL 3.272.809 six-month period ended 30 June 2016 in other comprehensive income within equity. Additionally in 2016, Group has recognized loss amounting to TL 4.655.952 in other comprehensive income within equity for "commodity derivatives" and "forward currency agreements" related with investment hedges.

23.4 Restricted reserves

As at 30 June 2017, the Group's restricted reserves are total of TL 68.689.520 (31 December 2016: TL 95.445.951). These reserves set aside according to the principles described in the related disclosures in the consolidated financial statements as at 31 December 2016.

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 31.666.425 for the period 1 January-30 June 2017 (1 January-30 June 2016: TL 45.797.360 net profit) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

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24 REVENUE AND COST OF SALES

For the six-month periods ended 30 June 2017 and 2016, the Group's gross profit on the basis of operations comprised the following :

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Revenue				
Natural gas revenues	97.735.737	53.327.423	69.952.034	46.559.086
Port operating revenues	180.914.797	113.583.227	153.927.146	99.367.342
Mining revenues	26.902.877	14.365.219	20.410.777	7.631.257
Real estate rent and service revenues	14.475.805	7.067.865	11.664.156	5.867.101
Other	13.471.454	7.458.886	8.068.505	4.608.236
Total	333.500.670	195.802.620	264.022.618	164.033.022
Cost of sales				
Cost of natural gas sales and services	(87.971.477)	(48.029.746)	(55.856.229)	(37.644.104)
Cost of port operations	(130.231.387)	(72.128.400)	(103.471.229)	(55.113.771)
Cost of mining operations	(23.468.946)	(12.369.093)	(17.851.194)	(7.197.531)
Cost of real estate service	(1.543.894)	(967.362)	(1.836.506)	(806.228)
Other	(14.824.912)	(8.333.482)	(6.248.480)	(3.728.277)
Total	(258.040.616)	(141.828.083)	(185.263.638)	(104.489.911)
Gross Profit from Non-finance Operations	75.460.054	53.974.537	78.758.980	59.543.111
Revenues from Finance Operations				
Agency commissions	10.921.728	5.662.846	9.153.194	4.628.523
Interest received from customers	3.904.412	2.009.630	4.300.378	2.133.460
Portfolio management fees	908.968	351.704	1.069.353	607.086
Gain on sale of marketable securities, net	390.742	271.846	283.135	135.722
Other revenue	2.157.527	1.161.221	1.719.633	290.678
Total	18.283.377	9.457.247	16.525.693	7.795.469
Cost of Revenues from Finance operations (-)				
Commission charges	(342.924)	(163.947)	(359.821)	(190.946)
Interest charges from loans delivered to customers	(2.174.379)	(1.062.853)	(2.529.534)	(1.290.402)
Total	(2.517.303)	(1.226.800)	(2,889.355)	(1,481.348)
Gross Profit from Finance Operations	15.766.074	8.230.447	13.636.338	6.314.121
GROSS PROFIT	91.226.128	62.204.984	92.395.318	65.857.232

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25 GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

25.1 Marketing expenses

For the six-month periods ended 30 June 2017 and 2016, marketing expenses comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Personnel expenses	3.773.997	1.827.749	4.546.201	2.441.076
Depreciation and amortization expenses (Note 16-17)	3.156.619	1.601.276	2.269.051	1.145.164
Export expenses of mining operations	10.172.141	5.747.042	5.213.860	1.525.320
Advertising and promotion expenses	2.185.372	1.558.771	1.833.524	939.280
Taxes and duties	800.107	584.566	710.272	458.694
Commission expenses of derivative exchange market	590.620	288.861	301.759	126.486
Representation expenses	213.510	159.947	228.811	86.298
Stock market participation share	534.393	234.416	685.634	374.543
Money market settlement and custody expenses	231.812	35.890	149.883	81.157
Vehicle expenses	194.015	101.166	180.472	116.358
Repair and maintenance expenses	522.530	201.949	298.587	142.625
Building management expenses	349.802	173.916	409.853	152.131
Insurance expenses	347.837	181.239	320.035	160.803
Travelling expenses	252.846	129.084	250.178	153.496
Other	1.777.093	31.251	1.301.823	468.240
	25.102.694	12.857.123	18.699.944	8.371.673

25.2 General and administrative expenses

For the six-month periods ended 30 June 2017 and 2016, general and administrative expenses comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Personnel expenses	34.042.965	16.922.386	34.876.783	16.515.643
Consultancy expenses	6.006.247	2.965.988	6.134.604	3.493.196
Travelling expenses	2.217.028	(228.692)	5.226.532	3.291.486
Taxes and duties other than on income	3.029.830	1.891.117	2.952.375	2.002.028
Depreciation and amortization expenses (Note 16-17)	7.994.141	4.127.778	6.087.994	3.939.149
IT expenses	2.361.576	1.167.362	2.244.602	1.093.288
Communication expenses	871.941	475.862	985.070	456.214
Building management expenses	955.357	510.025	960.761	494.526
Rent expenses	1.288.060	761.118	2.856.529	1.902.533
Vehicle expenses	1.268.168	649.896	1.063.600	543.106
Representation expenses	3.039.924	1.407.859	2.031.851	670.860
Stationery expenses	456.708	228.458	370.142	188.023
Repair and maintenance expenses	360.222	185.981	984.640	393.608
Other expenses	3.338.445	2.088.403	5.080.223	3.483.535
	67.230.612	33.153.541	71.855.706	38.467.195

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26 EXPENSES BY NATURE

For the six-month periods ended 30 June 2017 and 2016, the breakdown of personnel, depreciation and amortization expenses comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Personnel expenses				
Cost of sales	18.594.615	9.188.733	18.775.342	9.452.479
Marketing expenses	3.773.997	1.827.749	4.546.201	2.441.076
General administrative expenses	34.042.965	16.922.386	34.532.263	16.515.643
	56.411.577	27.938.868	57.853.806	28.409.198

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Depreciation and amortization expenses				
Cost of sales	86.355.274	43.299.780	69.323.648	33.457.899
Marketing expenses	3.156.619	1.601.276	2.269.051	1.145.164
General administrative expenses	7.994.141	4.127.778	6.087.994	3.939.149
	97.506.034	49.028.834	77.680.693	38.542.212

27 OTHER OPERATING INCOME / EXPENSES

27.1 Other operating income

For the six-month periods ended 30 June 2017 and 2016, other operating income comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Dividend income (*)	-	-	576.774	576.774
Rental income	498.908	236.042	623.788	422.945
Foreign currency exchange gain on trade operations, net	725.040	(631.541)	198.272	198.272
Reversal gain of provisions	1.397.700	(305.010)	1.124.860	1.124.860
Other miscellaneous income	2.572.239	948.820	2.774.643	678.319
Total	5.193.887	248.311	5.298.337	3.001.170

(*) Includes dividend income from Global Menkul's investment in Takasbank which is in the main operation scope of Global Menkul.

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27 OTHER OPERATING INCOME / EXPENSES (continued)

27.2 Other operating expenses

For the six-month periods ended 30 June 2017 and 2016, other operating expense comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Donations	889.079	533.092	133.647	98.842
Project expenses (*)	12.206.960	9.209.188	3.940.251	1.382.665
Impairment loss (**)	50.968.072	50.968.072	610.481	610.481
Other miscellaneous expenses	5.933.577	2.418.979	2.743.691	1.271.206
Total	69.997.688	63.129.331	7.428.070	3.363.194

(*) The major part of project expenses comprises of uncapitalized project expenses for port investments of the Group.

(**) As at 30 June 2017, the Group has accounted provision related to HPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

28 INCOME AND LOSS FROM INVESTING ACTIVITIES

28.1 Income from investing activities

For the six-month periods ended 30 June 2017 and 2016, income from investing activities comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Gain on sale of financial assets	194.997	-	73.302	56.956
Gain on sale of fixed assets	36.441	-	-	-
Other	27.619	13.521	74.126	58.144
Total	259.057	13.521	147.428	115.100

28.2 Loss from investing activities

For the six-month periods ended 30 June 2017 and 2016, loss from investing activities comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Valuation differences on financial assets	-	-	35.732	(156.993)
Loss on sale of financial assets	-	-	353.038	351.849
Loss on sale of fixed assets	207.985	88.604	4.163	4.163
Total	207.985	88.604	392.933	199.019

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29 FINANCE INCOME

For the six-month periods ended 30 June 2017 and 2016, finance income of the Group comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign currency exchange gain	20.165.150	16.142.195	10.266.363	(1.085.525)
Interest income	9.420.899	7.008.546	3.649.656	1.886.470
Other	473.398	80.007	1.131.902	(122.075)
Total	30.059.447	23.230.748	15.047.921	678.870

30 FINANCE EXPENSES

For the six-month periods ended 30 June 2017 and 2016, finance expense of the Group comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Recognized in profit or loss				
Foreign currency exchange loss	28.804.198	14.173.319	4.338.165	(867.630)
Interest expense on borrowings	97.466.408	49.744.148	74.476.925	35.255.057
Letter of guarantee commissions	1.142.045	664.380	1.151.454	562.014
Commission expenses	3.437.654	2.861.510	1.029.713	154.949
Other	3.014.518	824.908	3.205.139	1.944.995
Total	133.864.823	68.268.265	84.201.396	37.049.385

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Recognized in other comprehensive income				
Gain/(losses) from net investment hedges (Note 23)	2.859.294	30.105.229	3.272.809	(14.871.960)
	2.859.294	30.105.229	3.272.809	(14.871.960)

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31 EARNINGS/ (LOSS) PER SHARE

For the six-month period ended 30 June 2017 and 2016, basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by weighted average number of shares outstanding.

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Net loss for the period	(137.767.071)	(80.973.042)	(45.069.339)	(10.191.580)
Weighted average number of shares	325.888.410	325.888.410	193.500.000	193.500.000
Weighted average number of ordinary shares	325.888.410	325.888.410	193.500.000	193.500.000
Number of shares held by the Group (Note 23.1)	(24.591.587)	(24.591.587)	(18.017.730)	(18.017.730)
Weighted average number of shares	301.296.823	301.296.823	175.482.270	175.482.270
Earnings per share with par value of TL 1 (TL full)	(0,4572)	(0,2687)	(0,2568)	(0,0581)
Earnings per share of continuing operations with par value of TL 1 (TL full)	(0,4572)	(0,2687)	(0,2568)	(0,0581)

32 DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2017 and 31 December 2016, the details of the Group's currency swap agreements comprised the following:

	30 June 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Forward currency agreement				
Short Term	169.079	-	1.346.268	1.409.612
Long Term	-	3.269.152	-	3.981.186
	169.079	3.269.152	1.346.268	5.390.798

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33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Foreign currency risk

As at 30 June 2017 and 31 December 2016, foreign currency risk exposures of the Group comprised the following:

	30 June 2017				
	TL Equivalent	USD	EURO	GBP	TL
1. Trade Receivables	15.651.746	2.005.329	53.261	-	8.405.654
2.a Monetary Financial Assets	235.711.705	22.515.070	2.252.689	2.112	147.721.998
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	251.363.451	24.520.399	2.305.950	2.112	156.127.652
5. Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	74.054.193	19.500.732	-	-	5.663.176
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	74.054.193	19.500.732	-	-	5.663.176
9. Total Assets (4+8)	325.417.644	44.021.131	2.305.950	2.112	161.790.828
10. Trade Payables	40.584.389	5.058.903	778.027	1.160	19.722.601
11. Financial Liabilities	243.870.039	46.222.486	20.147.749	-	1.111.721
12.a. Monetary Financial Liabilities	32.244.894	-	-	-	32.244.894
12.b. Non-monetary financial Liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	316.699.322	51.281.389	20.925.776	1.160	53.079.216
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.034.421.504	253.472.830	35.940.894	-	1.595.543
16.a. Other Monetary Liabilities	3.571.783	-	-	-	3.571.783
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long-term liabilities (14+15+16)	1.037.993.287	253.472.830	35.940.894	-	5.167.326
18. Total Liabilities (13+17)	1.354.692.609	304.754.219	56.866.670	1.160	58.246.542
19. Off-balance Sheet Foreign Currency Derivative Instruments					
Net Position (19a-19b)	17.228.683	3.980.363	816.676	-	-
19a. Foreign currency derivative assets	17.228.683	3.980.363	816.676	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	(1.012.046.282)	(256.752.725)	(53.744.044)	952	103.544.286
21. Net Foreign Currency Position					
of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.029.274.965)	(260.733.088)	(54.560.720)	952	103.544.286
22. Fair Value of Derivative Instruments Held for Hedging	845.088.111	240.964.932	-	-	-
23. Derivative Assets Held for Hedging	-	-	-	-	-
24. Derivative Liabilities Held for Hedging	845.088.111	240.964.932	-	-	-
Export	-	-	-	-	-
Import	-	-	-	-	-

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33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

	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	-	-	-	-	-
4. Current assets (1+2+3)	221.802.659	21.724.001	23.531.839	-	58.050.789
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	-	-	-	-	-
8. Non-current assets (5+6+7)	84.418.121	20.901.355	-	-	10.862.075
9. Total Assets (4+8)	306.220.780	42.625.356	23.531.839	-	68.912.864
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	-	-	-	-	-
13. Short-term liabilities (10+11+12)	289.594.580	51.807.357	21.673.811	1.160	26.861.447
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	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	974.998.776	257.094.484	16.429.631	-	9.279.582
18. Total Liabilities (13+17)	1.264.593.356	308.901.841	38.103.442	1.160	36.141.029
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	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	(877.954.863)	(266.276.485)	7.104.915	(1.160)	32.771.835
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	-	-	-	-	-

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33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis – foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 30 June 2017 and 30 June 2016 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.

30 June 2017	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	(6.932.890)	6.932.890	-	-
2- Hedged portion against USD risk (-)	-	-	(84.508.811)	84.508.811
3- Net effect of USD (1+2)	(6.932.890)	6.932.890	(84.508.811)	84.508.811
A 10 percent change in Euro against Turkish Lira:				
4- Net Euro asset/liability	(21.840.656)	21.840.656	-	-
5- Hedged portion against Euro risk (-)	-	-	(1.722.868)	1.722.868
6- Net effect of Euro (4+5)	(21.840.656)	21.840.656	(1.722.868)	1.722.868
A 10 percent change in other currencies against Turkish Lira:				
7- Net other currencies asset/liability	432	(432)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	432	(432)	-	-
TOTAL (3+6+9)	(28.773.114)	28.773.114	(86.231.679)	86.231.679

(*) Profit or loss excluded.

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33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis – Foreign currency risk (continued)

30 June 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	(17.367.853)	17.367.853	-	-
2- Hedged portion against USD risk (-)	-	-	(72.340.000)	72.340.000
3- Net effect of USD (1+2)	(17.367.853)	17.367.853	(72.340.000)	72.340.000
A 10 percent change in Euro against Turkish Lira:				
4- Net Euro asset/liability	(4.522.919)	4.522.919	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	(4.522.919)	4.522.919	-	-
A 10 percent change in other currencies against Turkish Lira:				
7- Net other currencies asset/liability	6.207	(6.207)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	6.207	(6.207)	-	-
TOTAL (3+6+9)	(21.884.565)	21.884.565	(72.340.000)	72.340.000

(*) Profit or loss excluded.

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34 TAX ASSETS AND LIABILITIES

Tax expenses:

For the six-month periods ended 30 June 2017 and 30 June 2016, the detail of tax income/(expense) comprised the following :

	<u>2017</u>	<u>2016</u>
Current tax charge	(12.321.006)	(4.196.186)
Deferred tax benefit	18.186.232	26.336.067
Total	<u>5.865.226</u>	<u>22.139.881</u>

Tax reconciliation for the six-month periods ended 30 June 2017 and 30 June 2016 is as follows:

	<u>%</u>	<u>2017</u>	<u>%</u>	<u>2016</u>
Profit/(loss) before income tax		(166.072.768)		(67.514.743)
Corporate tax using domestic rate	20,00	33.214.554	20,00	13.502.949
Disallowable expenses	(2,79)	(4.636.706)	(1,61)	(1.084.801)
Effect of unrecognized tax losses	(13,15)	(21.842.578)	(1,51)	(1.022.160)
Effect of tax exemption on maritime operations	0,25	408.436	2,07	1.397.660
Other	(0,77)	(1.278.480)	13,84	9.346.233
		<u>5.865.226</u>		<u>22.139.881</u>

As at 30 June 2017 and 31 December 2016, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows :

	<u>30 June 2017</u>	<u>31 December 2016</u>
Deferred tax assets	82.925.653	90.248.691
Deferred tax liabilities	(376.760.529)	(385.910.906)
Total	<u>(293.834.876)</u>	<u>(295.662.215)</u>

For the six-month periods ended 30 June 2017 and 30 June 2016, the movement of deferred tax assets and liabilities is as follows :

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	(295.662.215)	(268.196.427)
Deferred tax income	18.186.232	26.336.067
Foreign currency translation differences	(16.344.376)	339.516
Recognized in equity	(14.517)	-
	<u>(293.834.876)</u>	<u>(241.520.844)</u>

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35 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 30 June 2017 and 31 December 2016, the detail of assets held for sale is as below:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Real Estates	862.751	862.751
	<u>862.751</u>	<u>862.751</u>

Real estates

The Group's real estates held for sale can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m² and land in the Bodrum district of the Muğla province, with a total area of 3.000 m².

36 EVENTS AFTER THE REPORTING PERIOD

The Company has issued bonds to qualified investors amounting to TL 35.000.000 with 91 days maturity and an interest rate of GDS+4,00% on 10 May 2017 and the loan amount was paid on maturity and the loan was closed on 9 August 2017.