GSD Holding
Anonim Şirketi

Condensed Consolidated Interim Financial Information
As at and For the Six-Month Period Ended
30 June 2020
Together With Auditors' Report on Review of
Condensed Consolidated Interim Financial Information

19 August 2020

This report includes 2 pages of auditors' review report and 65 pages of condensed consolidated interim financial information together with explanatory notes and 4 pages of supplementary information.

GSD Holding Anonim Şirketi

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To Board of Directors of GSD Holding A.Ş.,

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of GSD Holding A.Ş. ("the Company") as at 30 June 2020, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standards 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

KPMG

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the six-month period ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Other Matter

Supplementary information included in Appendix I does not form part of the reviewed consolidated interim financial information. We have not reviewed this supplementary information and, accordingly, we do not express any conclusion or any other form of assurance on this supplementary information.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of KPMG International Cooperative

Orhan Akova
Partner

19 August 2020
Istanbul, Turkey

GSD Holding Anonim Şirketi

Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	30 June 2020	31 December 2019
Assets			
Cash and balances with the Central Bank	*4*	1,224	715
Deposits with other banks and financial institutions	*4*	56,242	135,578
Reserve deposits at the Central Bank	*4*	67	55
Financial assets– fair value through profit/loss	*5*	104,755	804,424
Financial assets at fair value through other comprehensive income	*5*	475,216	-
Unquoted equity instruments	*1,5*	377	377
Loans and advances to customers, net	*8*	241,448	249,325
Factoring receivables, net	*8*	198,830	236,157
Finance lease receivables, net	*8*	13	11
Trade receivables, net	*7*	311,121	11,382
Other receivables, net	*17*	3,580	6,939
Inventories	*9*	4,481	3,034
Prepaid expenses		5,831	1,987
Assets held for sale from continuing operations	*20*	312	312
Tangible assets	*11*	728,749	646,957
Right of use assets	*11.1*	7,841	8,528
Intangible assets	*12*	436	500
Prepaid income tax	*15*	219	403
Deferred tax assets	*15*	2,457	2,382
Other assets	*18*	2,370	2,171
Total assets		**2,145,569**	**2,111,237**
Liabilities			
Funds borrowed	*8*	417,421	474,396
Borrowers' funds	*8*	39,400	34,319
Factoring payables	*8*	943	1,190
Liabilities arising from finance leases	*8*	47	41
Lease liabilities	*8*	8,855	9,323
Trade payables	*7*	2,785	1,230
Other payables	*17*	9,431	9,075
Current tax liability	*15*	58,916	6,368
Deferred income		1,033	1,847
Provisions	*16,22*	10,116	11,384
Deferred tax liabilities	*15*	14,494	27,091
Other liabilities	*18*	20	24
Total liabilities		**563,461**	**576,288**
Equity	*19*		
Share capital		535,986	535,986
Treasury shares		(91,018)	(91,018)
Share premium		12,218	4,945
Changes in non-controlling interests without loss of control		400	-
Remeasurements of the net defined benefit liability (asset)		(26)	(663)
Translation reserve		259,510	208,806
Retained earnings		817,654	683,080
Net profit for the period		4,202	163,789
Equity attributable to equity holders of the parent		**1,538,926**	**1,504,925**
Non-controlling interests		**43,182**	**30,024**
Total equity		**1,582,108**	**1,534,949**
Total liabilities and equity		**2,145,569**	**2,111,237**

The accompanying policies and explanatory notes on pages 6 through 65 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Month Period Ended 30 June 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

CONTINUING OPERATIONS	*Notes*	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Holding activities income		-	-
Holding activities expense (-)		-	-
Gross profit/(loss) from holding activities		-	-
Marine sector income		41,793	54,709
Marine sector expense (-)		(57,252)	(46,952)
Gross profit/(loss) from marine sector operations		**(15,459)**	**7,757**
Gross profit/(loss) from commercial sector operations		**(15,459)**	**7,757**
Interest income		36,348	63,246
Service income		18,355	13,559
Revenue from financial activities		**54,703**	**76,805**
Interest expense (-)		(8,457)	(17,426)
Service expense (-)		(450)	(680)
Cost of financial activities (-)		**(8,907)**	**(18,106)**
Provision income/(expense) arising from financial sector operations, net		**(1,097)**	**(562)**
Foreign exchange gain/(loss), net		**2,980**	**(399)**
Net trading income / (loss) from derivative financial instruments		**-**	**-**
Other financial sector operations income/(expense), net		**134**	**194**
Gross profit/(loss) from financial sector operations		**47,813**	**57,932**
GROSS PROFIT/(LOSS)		**32,354**	**65,689**
Administrative expenses (-)		(30,133)	(21,929)
Other income from operating activities		17,403	17,267
Other expense from operating activities (-)		(875)	(2,542)
OPERATING PROFIT/(LOSS)		**18,749**	**58,485**
Income from investment activities		52,089	74,948
Expense from investment activities (-)		(1,442)	(15)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES		**69,396**	**133,418**
Financing income		-	-
Financing expenses (-)		(14,769)	(15,901)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**54,627**	**117,517**
Tax income/(expense) from continuing operations		**(53,091)**	**(16,580)**
Current tax income/(expense)	*15*	(65,757)	(9,872)
Deferred tax income/(expense)	*15*	12,666	(6,708)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**1,536**	**100,937**
NET PROFIT/(LOSS)		**1,536**	**100,937**
Net profit/(loss) (continuing and discontinued operations) attributable to:			
Non-controlling interest	*19*	(2,666)	25
Equity holders of the company		4,202	100,912
Net profit/(loss) (continuing operations) attributable to:			
Non-controlling interest		(2,666)	25
Equity holders of the company	*25*	4,202	100,912
Net profit/(loss) (discontinued operations) attributable to:			
Non-controlling interest		-	-
Equity holders of the company	*25*	-	-
Earnings per share (in full TL per share with a nominal value of full TL 1)			
Earnings per share from continuing operations	*25*	0.012	0.280
Earnings per share from discontinued operations	*25*	0.000	0.000

The accompanying policies and explanatory notes on pages 6 through 65 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Month Period Ended 30 June 2020

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	01.01.2020 30.06.2020	01.01.2019 30.06.2019
NET PERIOD PROFIT / (LOSS)		**1,536**	**100,937**
Other comprehensive income which will be not reclassified in profit or loss		**(29)**	**(115)**
Remeasurements of the net defined benefit liability (asset)		(29)	(115)
Other comprehensive income which will be reclassified in profit or loss		**61,652**	**30,781**
Change in currency translation differences		61,652	30,781
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**61,623**	**30,666**
TOTAL COMPREHENSIVE INCOME		**63,159**	**131,603**
Total comprehensive income attributable to:			
Non-controlling interest		**2,906**	**1,757**
Equity holders of the company		**60,253**	**129,846**

The accompanying policies and explanatory notes on pages 6 through 65 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2020
(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

							Other accumulated comprehensive income and expense which will be not be reclassified in profit or loss	Other accumulated comprehensive income and expense which will be reclassified in profit or loss		Accumulated profits			
	Notes	Share capital	Inflation adjustment to share capital	Treasury shares	Share premium	Changes in non-controlling interests without loss of control	Remeasurements of the net defined benefit liability (asset)	Translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
At 1 January 2019	*19*	450,000	85,986	(91,018)	4,945	(382)	(60)	167,178	-	683,522	1,300,171	26,982	1,327,153
Adjustments related with changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	382	60	-	-	(442)	-	-	-
Transfer to retained earnings		-	-	-	-	382	60	-	-	(442)	-	-	-
Total comprehensive income		-	-	-	-	-	(107)	29,041	-	100,912	129,846	1,757	131,603
Net profit		-	-	-	-	-	-	-	-	100,912	100,912	25	100,937
Other comprehensive income		-	-	-	-	-	(107)	29,041	-	-	28,934	1,732	30,666
Transactions with owners in their capacity as owners recognized in equity		-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from changes without resulting loss of control in share ratios of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from repurchased shares in share ratios of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2019	*19*	450,000	85,986	(91,018)	4,945	-	(107)	196,219	-	783,992	1,430,017	28,739	1,458,756
At 1 January 2020	*19*	450,000	85,986	(91,018)	4,945	-	(663)	208,806	-	846,869	1,504,925	30,024	1,534,949
Adjustments related with changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	663	-	-	(663)	-	-	-
Transfer to retained earnings		-	-	-	-	-	663	-	-	(663)	-	-	-
Total comprehensive income		-	-	-	-	-	(26)	56,077	-	4,202	60,253	2,906	63,159
Net profit		-	-	-	-	-	-	-	-	4,202	4,202	(2,666)	1,536
Other comprehensive income		-	-	-	-	-	(26)	56,077	-	-	56,051	5,572	61,623
Transactions with owners in their capacity as owners recognized in equity		-	-	-	7,273	400	-	(5,373)	-	(28,800)	(26,500)	10,252	(16,248)
Dividends		-	-	-	-	-	-	-	-	(28,800)	(28,800)	-	(28,800)
Cash dividend distributed		-	-	-	-	-	-	-	-	(28,800)	(28,800)	-	(28,800)
Dividend paid to non-controlling interest by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		-	-	-	7,273	-	-	-	-	-	7,273	2,056	9,329
Increase/decrease arising from changes without resulting loss of control in share ratios of subsidiaries		-	-	-	-	400	-	(5,373)	-	-	(4,973)	8,196	3,223
Increase/decrease arising from repurchased shares in share ratios of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	400	-	(5,373)	-	-	(4,973)	8,196	3,223
Increase/decrease arising from other adjustments		-	-	-	-	-	-	-	-	248	248	-	248
At 30 June 2020	*19*	450,000	85,986	(91,018)	12,218	400	(26)	259,510	-	821,856	1,538,926	43,182	1,582,108

The accompanying policies and explanatory notes on pages 6 through 65 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2020
(Currency - *Thousands of Turkish Lira ("TL") unless otherwise stated*)

	Notes	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Cash flows from operating activities of continuing operations			
Marine sector income		41,793	54,709
Marine sector expenses		(34,663)	(30,556)
Interest received from financial sector activities		40,866	58,018
Interest paid for financial sector activities		(10,520)	(16,711)
Service income from financial sector activities		18,355	13,559
Cost of service for financial sector activities		(450)	(680)
Cash receipts from derivative contracts held for dealing or trading purposes		-	-
Cash payments for derivative contracts held for dealing or trading purposes		-	-
Cash payments to employees and other parties		(25,937)	(18,251)
Cash received from other operating activities		2,650	618
Cash paid for other operating activities		497	(156)
Interest received from operating activities apart from financial sector activities		11,684	9,602
Income taxes paid	15	(4,985)	(6,194)
Net cash provided by operating activities before changes in operating assets and liabilities from continuing operations		**39,290**	**63,958**
Changes in operating assets and liabilities of continuing operations			
Change in reserve deposits at Central Bank		(12)	2,319
Change in loans and advances to customers		3,810	(33,155)
Change in factoring receivables		35,951	(120,260)
Change in finance lease receivables		(457)	(218)
Change in other assets		(354,315)	(46,112)
Change in payables due to money market transactions		-	28,417
Change in borrowers' funds		5,076	(62,503)
Change in factoring payables		(247)	(865)
Change in liabilities arising from finance leases		6	(10)
Change in other liabilities		(1,821)	5,156
Net cash (used in) / provided by operating activities from continuing operations		**(272,719)**	**(163,273)**
Net cash (used in) / provided by operating activities from discontinued operations		**-**	**-**
Cash flows from investing activities of continuing operations			
Proceeds from sale and redemption of available for sale securities		-	(19,728)
Purchases of available for sale securities		(27,496)	-
Proceeds from sale of property held for sale	20	-	-
Proceeds from sale of property and equipment	11	116	-
Purchases of property and equipment	11	(7,055)	(8,649)
Purchases of intangible assets	12	(15)	(157)
Interest received from investing activities		-	-
Other cash receipts from/cash payments for investing activities		293,445	13,175
Net cash (used in) / provided by investing activities from continuing operations		**258,995**	**(15,359)**
Net cash (used in) / provided by investing activities from discontiued operations	**20**	**-**	**-**
Cash flows from financing activities of continuing operations			
Cash received from funds borrowed		84,448	292,325
Cash received from disposal of treasury shares		12,551	-
Cash received from change in non-controlling interest reserve		3,223	-
Cash paid for change in non-controlling interest reserve		(2,056)	-
Repayments of funds borrowed		(139,083)	(247,686)
Payments of lease liabilities		(3,915)	(2,931)
Dividends paid to equity holders		(28,800)	-
Dividends paid to non-controlling interest by subsidiaries		-	-
Interest paid for financing activities apart from financial sector activities		(8,981)	(12,838)
Other cash receipts from/cash payments for financing activities		(229)	(110)
Net cash (used in) / provided by financing activities from continuing operations		**(82,843)**	**28,760**
Net cash (used in) / provided by financing activities from discontinued operations	20	**-**	**-**
Continuing Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**17,551**	**13,485**
Net (decrease) / increase in cash and cash equivalents		**(79,016)**	**(136,387)**
Cash and cash equivalents at 1 January		**134,700**	**245,223**
Cash and cash equivalents at 30 June	26	**55,684**	**108,836**

The accompanying policies and explanatory notes on pages 6 through 65 form an integral part of these consolidated financial statements.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

1. REPORTING ENTITY

General

GSD Holding Anonim Şirketi (the "Company") was established in Istanbul in 1986. The Company is a holding entity; investing in companies in different sectors, realizing the establishment and participating in the management of these companies.

The registered office address of the Company is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3, 34854, Maltepe, Istanbul, Turkey.

The Company's shares are quoted on the Borsa Istanbul (Istanbul Stock Exchange) since 11 November 1999.

The consolidated financial statements of the Company were approved by the Board of Directors on 19 August 2020. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

As at 30 June 2020, average number of employees is 110 (31 December 2019: 104).

As at 30 June 2020, the shares of a consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ, are quoted on Borsa Istanbul (Stock Exchange) with public ownership of 22.04% (31 December 2019: 15.50%.)

As at 30 June 2020 and 31 December 2019, the composition of shareholders and their respective percentages of ownership can be summarized as follows:

			30 June 2020			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
M. Turgut Yılmaz	707	441	707	114,748,150	114,750,005	25.500
GSD Holding A.Ş.	-	-	-	90,000,000	90,000,000	20.000
MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

			31 December 2019			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
M. Turgut Yılmaz	707	441	707	114,748,150	114,750,005	25.500
GSD Holding A.Ş.	-	-	-	90,000,000	90,000,000	20.000
MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

1. REPORTING ENTITY (continued)

Nature of Activities of the Company and the Consolidated Group Companies

For the purposes of the consolidated for the six month summary financial statements, the Company and its consolidated subsidiaries are referred to as "the Group". The subsidiaries included in consolidation and the effective ownership percentages of the Group as at 30 June 2020 and 31 December 2019 are as follows:

Subsidiaries	Country of Incorporation	Bist Code	Principal Activities	Effective Shareholding(%) 30 June 2020	31 December 2019
GSD Yatırım Bankası A.Ş. (1)	Turkey		Investment Banking	100.00	100.00
GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. (1), (2)	Turkey	GSDDE	Maritime	77.96	83.41
GSD Faktoring A.Ş. (1)	Turkey		Factoring	89.55	89.66
Cano Maritime Ltd. (2)	Malta		Maritime	77.96	83.41
Hako Maritime Ltd. (2)	Malta		Maritime	77.96	83.41
GSD Shipping B.V. (1), (2)	Netherlands		Maritime	100.00	100.00
Mila Maritime Ltd. (2)	Malta		Maritime	100.00	100.00
Zeyno Maritime Ltd. (2)	Malta		Maritime	100.00	100.00
Dodo Maritime Ltd. (2)	Malta		Maritime	100.00	100.00
Neco Maritime Ltd. (2)	Malta		Maritime	100.00	100.00

(1) The financial statements of GSD Shipping B.V., GSD Marin, GSD Faktoring A.Ş. and GSD Bank A.Ş. have been consolidated to GSD Holding A.Ş..

(2) The financial statements of Cano Maritime Ltd. and Hako Maritime Ltd. have been consolidated to GSD Marin, the financial statements of Zeyno Maritime Ltd., Dodo Maritime Ltd., Neco Maritime Ltd. and Mila Maritime Ltd. have been consolidated to GSD Shipping B.V.

Unconsolidated Subsidiaries

The subsidiaries which are not included in consolidation and the ownership percentages of the Group in those subsidiaries as at 30 June 2020 and 31 December 2019 are as follows:

Subsidiaries	Country of Incorporation	Principal Activities	Effective Shareholding and Voting Rights (%) 30 June 2020	31 December 2019
GSD Eğitim Vakfı	Turkey	Education Foundation	100.00	100.00

The subsidiary is not consolidated and are carried at cost and are classified in the "unquoted equity instruments" caption in the consolidated financial statements, since the volume of transactions of these companies are limited and the total assets and revenues of these subsidiaries are immaterial.

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

Statement of Compliance

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

The Company and its subsidiaries which were incorporated in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the provisions of Turkish Banking Law, Finance Leasing, Factoring and Financing Companies Law, Turkish Commercial Code, the regulations of the Public Oversight, Accounting and Auditing Standards Authority of Turkey and the Capital Markets Board of Turkey ("CMB") and Tax Legislation. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their functional currencies and in accordance with the regulations of the countries in which they operate.

Companies are free to prepare their interim financial statements as a full set or summary in accordance with the IAS 34 standard. In this context, The Group has preferred to prepare summary financial statements in the interim periods.

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)

Functional currency of the Company and its subsidiaries incorporated in Turkey:

The Group's functional and presentation currency is TL and the consolidated financial statements including comparative figures for the prior periods are presented in thousands of TL.

Functional currencies of foreign subsidiaries

	Local Currency	Functional Currency
GSD Shipping B.V.	EUR	US Dollar
Mila Maritime Ltd.	EUR	US Dollar
Dodo Maritime Ltd.	EUR	US Dollar
Cano Maritime Ltd.	EUR	US Dollar
Hako Maritime Ltd.	EUR	US Dollar
Zeyno Maritime Ltd.	EUR	US Dollar
Neco Maritime Ltd.	EUR	US Dollar

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The equity and net income attributable to non-controlling interest are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, respectively.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)

Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of the available-for-sale equity instruments, which are recognised directly in equity.

Foreign currency translation rates used by the Group as of respective period-ends are as follows:

Date	TL/EURO (full)	TL/US DOLLAR (full)
30 June 2020	7.7082	6.8422
31 December 2019	6.6506	5.9402
31 December 2018	6.0280	5.2609
31 December 2017	4.5155	3.7719

On disposal of a foreign entity, the accumulated exchange differences kept in equity are recognized in the consolidated statement of profit or loss as a component of the gain or loss on disposal.

(ii) Foreign operations

The asset and liability items in the statements of financial position of Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Neco Maritime Limited, Mila Maritime Limited, GSD Shipping B.V. and Zeyno Maritime Limited, the foreign consolidated subsidiaries of the Group, are translated at the relevant end of period exchange rates and the comprehensive income statement items translated at the average exchange rates to be included in the consolidated financial statements of the Group. The differences arising from the translation of the opening net assets of these foreign subsidiaries at a closing exchange rate different from the previous closing exchange rate. The translation of their comprehensive income statement items end of the term exchange rates and the translation of the long term receivables of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. from Cano Maritime Limited and Hako Maritime Limited, for which settlement is neither planned nor likely to occur in the foreseeable future and as such forming a part of its net investment in these foreign subsidiaries, with a closing exchange rate different from the previous closing exchange rate are accounted for as "foreign currency translation differences" in other comprehensive income of the Group and accumulated in "the translation reserve" under the shareholders' equity in the consolidated statement of financial position of the Group. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

Comparative information and restatement of prior periods' financial statements

The Company's consolidated financial statements as at 30 June 2020 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2019 and prior interim period 1 January – 30 June 2019.

Ofsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Going Concern

The Group prepares its financial statements in accordance with going concern basis of accounting.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position.

The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;

(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;

(c) Clarifying how lending conditions affect classification; and

(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Compantshall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group shall not offset the transferred asset and the associated liability.

COVID-19 related rent concession (Amendments to IFRS 16)

On 5 June 2020, IASB issued COVID-19 related rent concession which amends IFRS 16 Leases.

The amendment allows lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Standards and interpretations issued but not yet effective (continued)

Amendments that are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IFRS 3 - Definition of a Business

The application of the amendment to IFRS 3 did not have a significant impact on the consolidated financial statements of the Group.

3-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 did not have a significant effect on the consolidated financial statements of the Group.

4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the consolidated financial statements of the Group.

New and updated standards and annotations published by IASB but not yet published by POA

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment-Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, IASB issued Property, Plant and Equipment-Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Annual Improvements to IFRS Standards 2018–2020

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs **-** 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards. This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by i)reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the '10 percent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The following summarizes the impact of transition to IFRS 9, funding, retained earnings / (losses) and opening interest on non-controlling interests, net of tax.

Classification of financial assets and financial liabilities

IFRS 9 changes largely effects the classification and measurement of financial assets and measurement of financial liabilities which classified as fair value differences, measured by reflecting to profit or loss. Those financial liabilities' changes in fair value related to credit risk should be presented in other comprehensive income statement.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI ("financial asset measured at fair value through other comprehensive income") – debt investment; FVOCI – equity investment; or FVTPL ("financial asset measured at fair value through profit/loss"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is notdesignated as at FVTPL:

1 It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2 Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

1 It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
2 Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI ("other comprehensive income"). This election is made on an investment-by-investment basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Classification of financial assets and financial liabilities (continued)

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets relates solely to the new impairment and reclassification requirements, as described further below.

Loans

Loans are financial assets created by providing money, goods or services to the borrower. The said loans and receivables are first recorded over the acquisition cost reflecting their fair value and are afterwards measured at their amortized amounts using the effective rate of interest (internal rate of return) method. Paid fees and other similar expenses related to the assets received as collateral of these are not accepted as part of the transaction cost and are reflected in the expense accounts. All of the Group's loans are recorded under the account "Measured at Amortised Cost".

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Evaluation of the Business Model Used by the Group

The Group classifies its financial assets based on the business model for managing the financial assets. According to IFRS 9 the business model is determined to show how financial asset groups are managed together in order to manage a specific management purpose. When evaluating the business model used for the management of financial assets, all relevant evidence that can be obtained at the date of the assessment is taken notice.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The purpose of the provision for impairment is to include the expected credit losses to financial statements that have material increases in the credit risk since the first time credit risks applied to the financial statements.

Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

IFRS 16 Leases

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

IFRS 16 Leases (continued)

a) Definition of Leasing

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

b) As a Lessee

The Group leases properties and vehicles. As a lessee, the Group has previously classified leases as operating or finance leases based on the assessment of whether all the risks and benefit of ownership of the asset have been transferred.

Under IFRS 16, the Group recognises right of use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group presents lease liabilities in "lease liabilities" in the statement of financial position.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

c) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Tangible Assets

(i) Recognition and measurement

The cost of the tangible assets purchased before 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Tangible assets purchased after this date are recorded at their historical costs. Accordingly, tangible assets are carried at cost, less accumulated depreciation and impairment losses, except for buildings. Buildings are recorded at the fair value and the amounts over carrying value of the buildings are recorded as property revaluation reserve under equity.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of tangible assets have different useful lives, they are accounted for as separate items (major components) of tangible assets.

Gains/losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets and are recognized net within other income or other expenses in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The residual values of the ships of the Group are determined based on the actual sale prices published as of the report date for the ships having the same or similar qualifications which are of the age and condition expected at the end of their useful lives being equal to the depreciation period of 18 years. Depreciation methods, useful lives and residual values are reviewed at least annually unless there is a triggering event.

	Years
Buildings	50
Ships	18
Office and vehicle equipment	2- 15
Motor vehicles	5
Drydock	5
Leasehold improvements	Lease term, not less than 5 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of tangible assets is the greater of the fair value less costs to sell and value in use. Impairment losses are recognized in the consolidated income statement. The Group has started using accelerated depreciation method for tangible assets starting from October 2016.

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Tangible Assets (continued)

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalized and depreciated over the period to the next estimated drydocking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets, excluding development costs, created within the business, are not capitalized and expenditure is charged against profits in the year in which it is incurred. The cost of the intangible assets purchased before 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The Group amortizes intangible assets with a finite life on a straight-line basis over the estimated useful lives of 3-15 years. There are no intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Assets Held for Sale

A property is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. A property is not depreciated and is stated at the lower of its carrying amount and fair value less costs to sell while it is classified as held for sale or while it is a part of a disposal group classified as held for sale. A property that ceases to be classified as held for sale or ceases to be included in a disposal group classified as held for sale is measured at the lower of its carrying amount before the property or disposal group was classified as held for sale, adjusted for any depreciation or revaluations that would have been recognized had the property or disposal group not been classified as held for sale, and its recoverable amount at the date of subsequent decision not to sell.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Finance Leases

Finance leases - the Group as lessor

The Group presents leased assets as receivables equal to the net investment in the leases. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

Finance leases - the Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Income Taxes (continued)

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or directly in equity, respectively, and not in the consolidated income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. Most of these derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IFRS 9 "Financial Instruments", they are treated as derivatives held for trading. Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and subsequently re-measured at fair value. Any gains or losses arising from changes in fair value on derivatives are recognized in the consolidated income statement.

Fair values are obtained from quoted market prices in active markets, including recent market transactions, to the extent publicly available, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Custody Assets

Assets held by the Group in a custody agency or custodian capacity for its customers are not included in the statement of financial position, since such items are not treated as assets of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Factoring Receivables

Factoring receivables are measured at amortised cost less specific allowances for uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

Interest-bearing Deposits and Funds Borrowed

All deposits and borrowings are initially recognized at fair value of consideration received less directly attributable transaction costs. After initial recognition, all interest bearing deposits and borrowings are subsequently measured at amortized cost using effective yield method. Amortized cost is calculated by taking into account any discount or premium on settlement. Gain or loss is recognized in the consolidated income statement when the liability is derecognized as well as through amortization process.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs may include interest expense calculated using the effective interest method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The Group begins capitalising borrowing costs as part of the cost of a qualifying asset when it incurs expenditures for the asset and borrowing costs and undertakes activities that are necessary to prepare the asset for its intended use or sale. The Group ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Treasury Shares

The Company's own equity instruments which are owned by the Company itself or its subsidiaries are deducted from equity under the heading "Treasury shares". No gain or loss is recognized in the consolidated income statement on the purchase, issue, sale or cancellation of the Company's own equity instruments. Considerations paid to reacquire the Company's own equity instruments are recognised directly in equity by debiting "Treasury shares". Considerations received as a result of the sale of the Company's own equity instruments reacquired and recognised directly in "Treasury shares" previously are recognised directly in equity by crediting "Treasury shares" for as much as their reacquisition cost and by crediting or debiting "Retained earnings" for as much as the gain or loss of the sale transaction, respectively, disclosing it as a "Change in retained earnings" in the consolidated statement of changes in equity.

Employee Benefits

The Group has both defined benefit and defined contribution plans as described below:

i) Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the accompanying consolidated financial statements, the Group has reflected a liability calculated using actuarial method and discounted by using the current market yield at the reporting date on government bonds, in accordance with IAS 19 "*Employee Benefits*".

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Employee Benefits (continued)

i) Defined benefit plans (continued)

The Group, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, has recognized service cost and net interest on the net defined benefit liability (asset) in the consolidated income statement and remeasurements of the net defined benefit liability (asset) in the consolidated of other comprehensive income statement, which are the components of defined benefit cost.

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognised in other comprehensive income within equity. The Group, within the scope of that provision, adopted the accounting policy to transfer the prior-year-end balance of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity to the Retained Earnings within equity as at each year-beginning.

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 1 January 2020 is full TL 6,730.15 (31 December 2019: full TL 6,379.86). The liability is not funded, as there is no funding requirement.

In the accompanying consolidated financial statements, the Group has reflected a liability by recognising the expected cost of bonus payments when, and only when, it has a present constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. An obligation under profit-sharing and bonus plans results from employee service and not from a transaction with the Group's owners. Therefore, the Group recognises the cost of profit-sharing and bonus plans not as a distribution of profit but as an expense.

The Group has recognized the expected cost of employee benefits in the form of accumulated vesting paid absences relating to the unused entitlement arising from the services rendered by the Group's employees, required to be paid when the employment of the personnel is terminated due to any reason in accordance with the existing social legislation in Turkey, as a long-term liability by measuring it on an undiscounted basis since its discounting does not have a significant impact on the consolidated financial position or performance of the Group.

ii) Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly administered social security funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Provisions, Contingent Liabilities and Assets

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

ii) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements but disclosed in the notes if the possibility of any outflow is low. Contingent assets are not included in financial statements but explained in the notes if an inflow of economic benefits is probable.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Income and Expense Recognition

Interest income and expense are recognized in the consolidated income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income recognition on loans is suspended when loans are overdue by more than 90 days. Interest accrual does not start until such loans become performing. Interest income includes interest income earned on financial assets– fair value through profit/loss, financial assets– fair value through other comprehensive income.

Factoring commission income represents the upfront charge to the customer to cover the service given and the collection expenses incurred. Factoring commission is accounted for on accrual basis.

General model for accounting of revenue

In accordance with IFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability). Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performan obligations as a performans obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Group may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. The Group does not have a sales transaction with a significant financiang component.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Income and Expense Recognition (continued)

Variable consideration

The Entity identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognize revenue

An entity recognizes revenue over time when one of the following criterias are met:

• Customer simultaneously receives and consumes the benefits as the entity performs, or

• The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or

• The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Group recognizes revenue when the control of goods or services is transferred to the customer.

Revenues are recognised on an accrual basis at the time the services are given and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable.

Marine sector revenues and expenses are recognized on accrual basis. The rent revenue is earned by leasing the vessels within time charter. Rental incomes are collected at the beginning of the agreement for each 15 day periods within the scope of agreement.

Interest income and other income from finance sector activities are recognized on accrual basis using the effective interest method. Dividend income is recognized in profit or loss in the period they are declared. Other income and expenses are recognized on accrual basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Summary of significant accounting policies (continued)

Earnings per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Increases in the number of shares due to share capital increases made from internal resources during the period or after the end of the period until the financial statements are authorized for issue are taken into consideration in the calculation of weighted average number of the shares from the beginning of the period.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Group's position at the reporting dates (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

Related Parties

A party is related to an entity if:

(a) Directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity;

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

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

Segment Reporting

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

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

3. SEGMENT INFORMATION

The Group conducts the majority of its business activities in four business segments as banking, marine, factoring and holding and in three geographical areas as Turkey, Netherlands and Malta International.

Consolidated Statement of Comprehensive Income (01.01.2020-30.06.2020)										
Country of Operation	**Turkey**	**Turkey & Malta & the Netherlands**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**[1] [2] Marine**	**Factoring**	**Holding**	**Inter-segment Eliminations**	**Group**	**Turkey**	**[2] Malta & the Netherlands**	**Inter-country Eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	42,777	-	451	(1,435)	41,793	1,942	41,793	(1,942)	41,793
Cost of sales (-)	-	(57,252)	-	(438)	438	(57,252)	(642)	(57,252)	642	(57,252)
Gross profit/(loss) from commercial sector	**-**	**(14,475)**	**-**	**13**	**(997)**	**(15,459)**	**1,300**	**(15,459)**	**(1,300)**	**(15,459)**
Revenue from financial activities	**36,065**	**4**	**34,629**	**-**	**(3,336)**	**67,362**	**70,698**	**-**	**(3,336)**	**67,362**
Fee, commission and other service income	18,339	-	19	-	(3)	18,355	18,358	-	(3)	18,355
Foreign exchange income	680	2	12,688	-	(1,044)	12,326	13,370	-	(1,044)	12,326
Interest income	16,277	2	21,793	-	(1,724)	36,348	38,072	-	(1,724)	36,348
Income from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations income, net	769	-	129	-	(565)	333	898	-	(565)	333
Cost of financial activities (-)	**(2,319)**	**(455)**	**(21,071)**	**-**	**4,296**	**(19,549)**	**(23,845)**	**-**	**4,296**	**(19,549)**
Fee, commission and other service expense	(383)	-	(70)	-	3	(450)	(453)	-	3	(450)
Foreign exchange expense	(98)	-	(12,646)	-	3,398	(9,346)	(12,744)	-	3,398	(9,346)
Interest expense	(1,050)	-	(8,302)	-	895	(8,457)	(9,352)	-	895	(8,457)
Loss from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations expense net	(788)	(455)	(53)	-	-	(1,296)	(1,296)	-	-	(1,296)
Gross profit/(loss) from financial sector operations	**33,746**	**(451)**	**13,558**	**-**	**960**	**47,813**	**46,853**	**-**	**960**	**47,813**
GROSS PROFIT/(LOSS)	**33,746**	**(14,926)**	**13,558**	**13**	**(37)**	**32,354**	**48,153**	**(15,459)**	**(340)**	**32,354**
Administrative expenses (-)	(8,373)	(4,672)	(8,095)	(10,555)	1,562	(30,133)	(30,413)	(1,789)	2,069	(30,133)
Other income from operating activities	243	1,865	1,538	17,484	(3,727)	17,403	20,961	169	(3,727)	17,403
Other expense from operating activities (-)	-	(129)	-	(1,790)	1,044	(875)	(1,919)	-	1,044	(875)
OPERATING PROFIT/(LOSS)	**25,616**	**(17,862)**	**7,001**	**5,152**	**(1,158)**	**18,749**	**36,782**	**(17,079)**	**(954)**	**18,749**
Income from investment activities	-	285	93	51,711	-	52,089	52,722	285	(918)	52,089
Expense from investment activities (-)	-	-	-	(1,442)	-	(1,442)	(1,442)	-	-	(1,442)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**25,616**	**(17,577)**	**7,094**	**55,421**	**(1,158)**	**69,396**	**88,062**	**(16,794)**	**(1,872)**	**69,396**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(247)	(14,612)	(294)	(774)	1,158	(14,769)	(7,843)	(9,002)	2,076	(14,769)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**25,369**	**(32,189)**	**6,800**	**54,647**	**-**	**54,627**	**80,219**	**(25,796)**	**204**	**54,627**

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

3. SEGMENT INFORMATION (continued)

Consolidated Statement of Comprehensive Income (continued) (01.01.2020-30.06.2020)										
Country of Operation	**Turkey**	**Turkey & Malta & the Netherlands**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**[1] [2] Marine**	**Factoring**	**Holding**	**Inter-segment Eliminations**	**Group**	**Turkey**	**[2] Malta & the Netherlands**	**Inter-country Eliminations**	**Group**
Tax income/(expense) from continuing operations	**(5,470)**	**(1,663)**	**(1,638)**	**(44,320)**	**-**	**(53,091)**	**(50,282)**	**(2,809)**	**-**	**(53,091)**
Current tax income/(expense)	(5,576)	(1,672)	(1,592)	(56,917)	-	(65,757)	(62,948)	(2,809)	-	(65,757)
Deferred tax income/(expense)	106	9	(46)	12,597	-	12,666	12,666	-	-	12,666
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**19,899**	**(33,852)**	**5,162**	**10,327**	**-**	**1,536**	**29,937**	**(28,605)**	**204**	**1,536**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**19,899**	**(33,852)**	**5,162**	**10,327**	**-**	**1,536**	**29,937**	**(28,605)**	**204**	**1,536**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(3,205)**	**539**	**-**	**-**	**(2,666)**	**(2,666)**	**-**	**-**	**(2,666)**
Equity holders of the company	**19,899**	**(30,647)**	**4,623**	**10,327**	**-**	**4,202**	**32,603**	**(28,605)**	**204**	**4,202**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**-**	**(6)**	**(22)**	**(1)**	**-**	**(29)**	**(29)**	**-**	**-**	**(29)**
Remeasurements of the net defined benefit liability (asset)	-	(6)	(22)	(1)	-	(29)	(29)	-	-	(29)
Which will be classified in profit or loss	**-**	**61,652**	**-**	**-**	**-**	**61,652**	**25,305**	**36,347**	**-**	**61,652**
Change in currency translation differences	-	61,652	-	-	-	61,652	25,305	36,347	-	61,652
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**-**	**61,646**	**(22)**	**(1)**	**-**	**61,623**	**25,276**	**36,347**	**-**	**61,623**
TOTAL COMPREHENSIVE INCOME	**19,899**	**27,794**	**5,140**	**10,326**	**-**	**63,159**	**55,213**	**7,742**	**204**	**63,159**
Total comprehensive income attributable to:										
Non-controlling interest	-	2,369	537	-	-	2,906	2,906	-	-	2,906
Equity holders of the company	19,899	25,425	4,603	10,326	-	60,253	52,307	7,742	204	60,253
CONSOLIDATED BALANCE SHEET (30.06.2020)										
TOTAL ASSETS	**404,666**	**813,559**	**203,471**	**924,169**	**(200,296)**	**2,145,569**	**1,545,524**	**800,425**	**(200,380)**	**2,145,569**
TOTAL LIABILITIES	**127,106**	**392,560**	**131,045**	**113,046**	**(200,296)**	**563,461**	**373,104**	**390,737**	**(200,380)**	**563,461**
Other segment information (continued and discontinued operations)										
Capital expenditures	139	6,434	393	104	-	7,070	676	6,394	-	7,070
Depreciation expense	(93)	(22,658)	(84)	(390)	-	(23,225)	(636)	(22,589)	-	(23,225)
Amortization expense	(17)	(55)	(6)	(1)	-	(79)	(79)	-	-	(79)
Impairment (losses)/reversal income recognized in income statem	(658)	(455)	16	-	-	(1,097)	(1,097)	-	-	(1,097)

(1) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V..
(2) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. are registered in Malta International Ship Register and operating in international freight forwarding

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

3. SEGMENT INFORMATION (continued)

Consolidated Statement of Comprehensive Income (01.01.2019-30.06.2019)										
Country of Operation	**Turkey**	**Turkey & Malta & the Netherlands**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**[1] [2] Marine**	**Factoring**	**Holding**	**Inter-segment Eliminations**	**Group**	**Turkey**	**[3]Malta & the Netherlands**	**Inter-country Eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	55,693	-	365	(1,349)	54,709	1,812	54,709	(1,812)	54,709
Cost of sales (-)	-	(46,952)	-	(355)	355	(46,952)	(534)	(46,952)	534	(46,952)
Gross profit/(loss) from commercial sector	**-**	**8,741**	**-**	**10**	**(994)**	**7,757**	**1,278**	**7,757**	**(1,278)**	**7,757**
Revenue from financial activities	**45,185**	**1**	**42,093**	**-**	**(2,644)**	**84,635**	**87,279**	**-**	**(2,644)**	**84,635**
Fee, commission and other service income	13,196	-	366	-	(3)	13,559	13,562	-	(3)	13,559
Foreign exchange income	119	1	7,715	-	(751)	7,084	7,835	-	(751)	7,084
Interest income	31,154	-	33,589	-	(1,497)	63,246	64,743	-	(1,497)	63,246
Income from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations income, net	716	-	423	-	(393)	746	1,139	-	(393)	746
Cost of financial activities (-)	**(2,508)**	**(233)**	**(26,005)**	**-**	**2,043**	**(26,703)**	**(28,746)**	**-**	**2,043**	**(26,703)**
Fee, commission and other service expense	(351)	-	(332)	-	3	(680)	(683)	-	3	(680)
Foreign exchange expense	(177)	-	(7,715)	-	409	(7,483)	(7,892)	-	409	(7,483)
Interest expense	(1,220)	-	(17,837)	-	1,631	(17,426)	(19,057)	-	1,631	(17,426)
Loss from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations expense net	(760)	(233)	(121)	-	-	(1,114)	(1,114)	-	-	(1,114)
Gross profit/(loss) from financial sector operations	**42,677**	**(232)**	**16,088**	**-**	**(601)**	**57,932**	**58,533**	**-**	**(601)**	**57,932**
GROSS PROFIT/(LOSS)	**42,677**	**8,509**	**16,088**	**10**	**(1,595)**	**65,689**	**59,811**	**7,757**	**(1,879)**	**65,689**
Administrative expenses (-)	(6,994)	(4,150)	(6,471)	(5,701)	1,387	(21,929)	(22,164)	(1,615)	1,850	(21,929)
Other income from operating activities	140	6,674	487	10,509	(543)	17,267	17,497	294	(524)	17,267
Other expense from operating activities (-)	-	(1,035)	-	(2,258)	751	(2,542)	(3,288)	(5)	751	(2,542)
OPERATING PROFIT/(LOSS)	**35,823**	**9,998**	**10,104**	**2,560**	**-**	**58,485**	**51,856**	**6,431**	**198**	**58,485**
Income from investment activities	-	618	-	74,330	-	74,948	76,092	618	(1,762)	74,948
Expense from investment activities (-)	-	-	-	(15)	-	(15)	(15)	-	-	(15)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**35,823**	**10,616**	**10,104**	**76,875**	**-**	**133,418**	**127,933**	**7,049**	**(1,564)**	**133,418**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(188)	(14,792)	(285)	(636)	-	(15,901)	(5,916)	(11,747)	1,762	(15,901)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**35,635**	**(4,176)**	**9,819**	**76,239**	**-**	**117,517**	**122,017**	**(4,698)**	**198**	**117,517**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

3. SEGMENT INFORMATION (continued)

Consolidated Statement of Comprehensive Income (continued) (01.01.2019-30.06.2019)										
Country of Operation	**Turkey**	**Turkey & Malta & the Netherlands**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**[1] [2] Marine**	**Factoring**	**Holding**	**Inter-segment Eliminations**	**Group**	**Turkey**	**[3]Malta & the Netherlands**	**Inter-country Eliminations**	**Group**
Tax income/(expense) from continuing operations	**(7,952)**	**298**	**(2,339)**	**(6,587)**	**-**	**(16,580)**	**(16,580)**	**-**	**-**	**(16,580)**
Current tax income/(expense)	(8,107)	1,048	(2,333)	(480)	-	(9,872)	(9,872)	-	-	(9,872)
Deferred tax income/(expense)	155	(750)	(6)	(6,107)	-	(6,708)	(6,708)	-	-	(6,708)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**27,683**	**(3,878)**	**7,480**	**69,652**	**-**	**100,937**	**105,437**	**(4,698)**	**198**	**100,937**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**27,683**	**(3,878)**	**7,480**	**69,652**	**-**	**100,937**	**105,437**	**(4,698)**	**198**	**100,937**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(748)**	**773**	**-**	**-**	**25**	**25**	**-**	**-**	**25**
Equity holders of the company	**27,683**	**(3,130)**	**6,707**	**69,652**	**-**	**100,912**	**105,412**	**(4,698)**	**198**	**100,912**
OTHER COMPREHENSIVE INCOME	**-**									
Which will be not classified in profit or loss	**-**	**(27)**	**(36)**	**(52)**	**-**	**(115)**	**(115)**	**-**	**-**	**(115)**
Remeasurements of the net defined benefit liability (asset)	-	(27)	(36)	(52)	-	(115)	(115)	-	-	(115)
Which will be classified in profit or loss	**-**	**30,781**	**-**	**-**	**-**	**30,781**	**10,455**	**20,326**	**-**	**30,781**
Change in currency translation differences	-	30,781	-	-	-	30,781	10,455	20,326	-	30,781
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**-**	**30,754**	**(36)**	**(52)**	**-**	**30,666**	**10,340**	**20,326**	**-**	**30,666**
TOTAL COMPREHENSIVE INCOME	**27,683**	**26,876**	**7,444**	**69,600**	**-**	**131,603**	**115,777**	**15,628**	**198**	**131,603**
Total comprehensive income attributable to:										
Non-controlling interest	**-**	**988**	**769**	**-**	**-**	**1,757**	**1,757**	**-**	**-**	**1,757**
Equity holders of the company	**27,683**	**25,888**	**6,675**	**69,600**	**-**	**129,846**	**114,020**	**15,628**	**198**	**129,846**
CONSOLIDATED BALANCE SHEET (30.06.2019)										
TOTAL ASSETS	**287,450**	**751,577**	**233,225**	**835,436**	**(46,586)**	**2,061,102**	**1,462,289**	**720,628**	**(121,815)**	**2,061,102**
TOTAL LIABILITIES	**58,848**	**376,971**	**172,826**	**35,522**	**(41,821)**	**602,346**	**305,412**	**413,984**	**(117,050)**	**602,346**
Other segment information (continued and discontinued operations)										
Capital expenditures	411	7,929	231	235	-	8,806	970	7,836	-	8,806
Depreciation expense	(44)	(16,452)	(32)	(387)	-	(16,915)	(519)	(16,396)	-	(16,915)
Amortization expense	(25)	(42)	(5)	(1)	-	(73)	(73)	-	-	(73)
Impairment (losses)/reversal income recognized in income statement	(580)	(233)	265	-	-	(548)	(548)	-	-	(548)

(1) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V..
(2) The main line of business of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. is shipping starting from 2013 and its income and expenses and its finance lease assets in the financial statements arising from the diminishing finance lease activities are disclosed in the marine segment under Gross Profit/(Loss) From Financial Sector Operations and Total Assets, respectively, without being allocated to a separate segment in the above table due to immateriality.
(3) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. are registered in Malta International Ship Register and operating in international freight forwarding.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

Continuing Operations	30 June 2020	31 December 2019
Cash on hand	10	4
Balances with the Central Bank	1,214	711
Cash and balances with the Central Bank	**1,224**	**715**
Deposits with other banks and financial institutions	56,242	135,578
Required reserve	67	55
Cash and cash equivalents in the statement of financial position	**57,533**	**136,348**

5. MARKETABLE SECURITIES

a) Financial assets at fair value through other comprehensive income

	30 June 2020	31 December 2019
Other		
Common stocks (*)	475,216	-
Total	**475,216**	**-**

(*)The Company classified Silopi Elektrik Üretim A.Ş. as financial assets at fair value through other comprehensive income, based on additional contract terms signed on June 8 2020.

30 June 2020			GSD Holding A.Ş's Shareholding		
Shareholdings in financial assets at fair value through profit/loss	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	475,216	1,501,125	9.60	0.00	9.60
Total	**475,216**				

(*)The Company classified Silopi Elektrik Üretim A.Ş. as financial assets at fair value through other comprehensive income, based on additional contract terms signed on June 8 2020.

The Company has used its put option and sold 5.40% of its 15% shares in Silopi Elektrik Üretim A.Ş. with the Supplemental Agreement made on 8 June 2020. As at 30 June 2020, in accordance with the payment plan determined in the supplemental agreement, the receivables from sale of these shares are presented in short and long term receivables in the condensed consolidated financial statements. As at 30 June 2020, the value of the remaining 9.60% shares was determined by an independent valuation company which used income and market approaches . The fair value of the remaining shares is within the value range resulting from the approaches used in the valuation report. The remaining shares are measured at fair value at amount of TL 475,216 in the condensed consolidated statement of financial position . The Company have classified the remaining shares of Silopi Elektrik Üretim A.Ş., which were previously classified as financial assets at fair value through profit/loss, as financial assets at fair value through other comprehensive income at 30 June 2020, will recognize the related valuation differences in equity in the following periods .

As at 30 June 2020, Silopi Elektrik Üretim A.Ş. shares which were previously classified as "Financial assets fair value through profit/loss" in the statement of financial position, are reclassified under "Financial assets at fair value through other comprehensive income" because of the fact that they are assessed within the scope of the business model aiming to collect the contractual cash flows and to invest. The business model change took place in accordance with the additional conditions of supplemental agreement signed on 8 June 2020.

In accordance with IFRS 9, business model changes are expected to be very infrequent. Such changes are determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties.

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

5. MARKETABLE SECURITIES (continued)

a) Financial assets at fair value through other comprehensive income (continued)

Accordingly, the Company has ensured with a contract that the right to sell back the remaining shares cannot be used before 30 September 2024 and the Company has chosen to account for the remaining shares under the business model aiming to hold the shares for investment purposes.

Also, dividend income obtained each year was rearranged from 1 January 2020 according to the conditions of the supplemental agreement and have recognized in the financial statements.

b) Financial assets at fair value through profit/loss

	30 June 2020	31 December 2019
Debt instruments		
Bonds	69,925	38,106
Other		
Common stocks (*)	34,830	766,318
Total	**104,755**	**804,424**

(*) Contain Borsa İstanbul A.Ş.'s shares owned by GSD Bank (TL 1,517) and the minimum dividend amounts accrued in accordance with agreement and supplemental agreement of Silopi Elektrik Üretim A.Ş. (TL 33,313).
The Company classified Silopi Elektrik Üretim A.Ş. as financial assets at fair value through other comprehensive income, based on additional contract terms signed on 8 June 2020.

30 June 2020			**GSD Holding A.Ş’s Shareholding**		
In shareholdings financial assets at fair value through profit/loss	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Borsa İstanbul A.Ş.	1,517	423,234	-	0.04	0.04
Total	**1,517**				

31 December 2019			**GSD Holding A.Ş’s Shareholding**		
In shareholdings financial assets at fair value through profit/loss	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	764,801	202,050	15.00	0.00	15.00
Borsa İstanbul A.Ş.	1,517	423,234	-	0.04	0.04
Total	**766,318**				

c) Financial Assets at Amortised Cost

As at 30 June 2020 and 31 December 2019, the Group has no financial assets at amortised cost.

d) Marketable securities given as a guarantee

As at 30 June 2020 and 31 December 2019, there is no marketable securities given as a guarantee.

e) Unquoted equity instruments

The unconsolidated subsidiary which is classified in the “unquoted equity instruments” caption in the consolidated financial statements as at 30 June 2020 and 31 December 2019 is as follows:

	30 June 2020	31 December 2019
GSD Eğitim Vakfı	377	377
Total	**377**	**377**

6. EQUITY ACCOUNTED INVESTEES

None.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	30 June 2020	31 December 2019
Costumers (*)	307,906	10
Trade receivables from maritime activities	3,215	11,372
Doubtful export goods receivables	1,981	1,981
Less: Provision for doubtful trade receivables	(1,981)	(1,981)
Total, net	**311,121**	**11,382**

(*) 307,899 TL of the customers amount is the sales price of Silopi Elektrik Üretim A.Ş.'s 5.40% share. 34,211 TL of the respective amount is illustrated in short term trade receivables and 273,688 TL in long term trade receivables in the statement of financial position.

Movement in the provision for doubtful trade receivables:

	30 June 2020	31 December 2019
Provision at the beginning of year	**1,981**	**1,981**
Provision for doubtful receivables	-	-
Recoveries	-	-
Provision net of recoveries	**-**	**-**
Provision at the end of period	**1,981**	**1,981**

b) Trade Payables

	30 June 2020	31 December 2019
Payables to marine sector suppliers	2,216	876
Payables to suppliers	491	276
Export trade payables	78	78
Total	**2,785**	**1,230**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES

a) Loans and Advances to Customers

	30 June 2020					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	225,702	11,976	-	8.15-30.00	2.75	-
Total	**225,702**	**11,976**	**-**			
Non-performing loans	688	3,634	-			
Less: Provision for impairment on loans and advances to customers (1)	(202)	(350)	-			
Total, net	**226,188**	**15,260**	**-**			

(1) Expected losses for non-cash loans in the current period are presented in other provisions.

	31 December 2019					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	232,160	13,435	-	11.00-30.00	3.30	-
Total	**232,160**	**13,435**	**-**			
Non-performing loans	743	3,452	-	-	-	-
Less: Provisions for impairment on loans and advances to customers (1)	(252)	(213)	-	-	-	-
Total, net	**232,651**	**16,674**				

(1) Expected losses for non-cash loans in the current period are presented in other provisions.

Movements in the expected losses

	Continuing Operations	
	30 June 2020	**31 December 2019**
Provision at the beginning of the year	**465**	**4,010**
Recoveries	(88)	(1,059)
Provision for impairment	746	2,603
Provision net of recoveries	**658**	**1,544**
Loans written off during the period	-	(2,850)
Classification of expected losses	(571)	(2,239)
Provision at the end of the period	**552**	**465**

As at 30 June 2020 and 31 December 2019, loans and advances to customers have fixed interest rates.

The Group does not recognize interest accrual on non-performing loans. As at 30 June 2020, the amount of non-performing loans that include unrecognized interest accrual is TL 4,322 (31 December 2019: TL 4,915).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)

b) Factoring Receivables and Payables

	30 June 2020					
	Amount			Effective interest rate (%)		
	Turkish Lira	Foreign Currency Indexed	Foreign Currency	Turkish Lira	Foreign Currency Indexed	Foreign Currency
Factoring receivables	198,820	-	-	12.47-35.00	-	-
Doubtful factoring receivables	5,642	-	-	-	-	-
Total factoring receivables	**204,462**	**-**	**-**			
Less: Provision for doubtful factoring receivables	(5,632)	-	-	-	-	-
Factoring receivables, net	**198,830**	**-**	**-**			
Factoring payables	**859**	**-**	**84**			

	31 December 2019					
	Amount			Effective interest rate (%)		
	Turkish Lira	Foreign Currency Indexed	Foreign Currency	Turkish Lira	Foreign Currency Indexed	Foreign Currency
Factoring receivables	236,030	-	-	14.64-44.80	-	-
Doubtful factoring receivables	5,775	-	-	-	-	-
Total factoring receivables	**241,805**	**-**	**-**			
Less: Provision for doubtful factoring receivables	(5,648)	-	-	-	-	-
Factoring receivables, net	**236,157**	**-**	**-**			
Factoring payables	**1,115**	**-**	**75**			

Movement in the provision for doubtful factoring receivables:

	30 June 2020	31 December 2019
Provision at the beginning of year	**5,648**	**5,358**
Recoveries	(58)	(368)
Provision for doubtful factoring receivables	42	658
Provision net of recoveries	**(16)**	**290**
Factoring receivables written off during the period	-	-
Provision at the end of period	**5,632**	**5,648**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)

c) Finance Lease Receivables, Net

	30 June 2020	31 December 2019
Invoiced lease receivables	19	16
Doubtful finance lease receivables	4,568	4,113
Finance lease receivables, gross	**4,587**	**4,129**
Less: Unearned interest income	(6)	(5)
Less: Provision for doubtful finance lease receivables	(4,568)	(4,113)
Finance lease receivables, net	**13**	**11**

The aging of net finance lease receivables is as follows:

	30 June 2020	31 December 2019
Not later than 1 year	13	11
Finance lease receivables, net	**13**	**11**

Movement in the provision for doubtful finance lease receivables is as follows:

	30 June 2020	31 December 2019
Provision at the beginning of year	**4,113**	**3,822**
Provision for doubtful lease receivables	455	292
Recoveries	-	(1)
Provision net of recoveries	**455**	**291**
Finance lease receivables written off during the period	-	-
Provision at the end of period	**4,568**	**4,113**

d) Funds Borrowed

	30 June 2020				31 December 2019			
	Amount		Effective interest rate (%)		Amount		Effective interest rate (%)	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short term	**104,016**	**17,755**	**-**	**-**	**164,364**	**3,267**		
Fixed interest	104,016	17,755	7.90-10.75	2.35-3.54	164,364	3,267	10.25-25.00	2.96-2.96
Floating interest	-	-	-	-	-	-	-	-
Medium/Long Term	-	**295,650**	-	-	-	**306,765**		
Fixed interest	-	37,666	-	4.75-4.75	-	32,706	-	4.75-4.75
Floating interest	-	257,984	-	3.43-3.79	-	274,059	-	4.70-5.15
Total	**104,016**	**313,405**			**164,364**	**310,032**		

Repayment schedule of borrowings initially recognized as medium/long term borrowings is as follows:

	30 June 2020		31 Aralık 2019	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	37,666	93,990	35	66,176
Up to 2 year	-	31,376	32,671	79,131
Up to 3 year	-	131,271	-	27,239
Up to 4 year	-	1,347	-	101,513
More than 5 year	-	-	-	-
Total	**37,666**	**257,984**	**32,706**	**274,059**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)

e) Borrowers' funds

	30 June 2020				31 December 2019			
	Amount		Effective Interest rate (%)		Amount		Effective Interest rate (%)	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Demand	1,158	617	-	-	868	510	-	-
Time	3,255	34,370	7.00-7.00	3.50-3.50	3,097	29,844	8.00-10.50	3.50-3.50
Total	**4,413**	**34,987**			**3,965**	**30,354**		

f) Liabilities arising from finance leases

Payable from short term financial lease activities

	30 June 2020	31 December 2019
Advances taken due to finance leases	47	41
Total	**47**	**41**

g) Lease liabilities

	30 June 2020		31 December 2019	
	Amount		Amount	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short term	**879**	**19**	**3**	-
Fixed interest	879	19	3	-
Floating interest	-	-	-	-
Medium/Long Term	**7,825**	**132**	**9,043**	**277**
Fixed interest	7,825	132	9,043	277
Floating interest	-	-	-	-
Total	**8,704**	**151**	**9,046**	**277**

9. INVENTORIES

	30 June 2020	31 December 2019
Ship mineral oil	2,038	1,584
Ship fuel	2,443	1,450
Total	**4,481**	**3,034**

10. LEASE OPERATIONS

The Group has rented six dry cargo ships owned by its subsidiaries with form of time charter lease. Technical management of the ships are performed by a company abroad contracted by Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited, Neco Maritime Limited and Mila Maritime Limited.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

11. PROPERTY AND EQUIPMENT

Continuing Operations	**Land and Buildings**	**Office and Vehicle Equipment**	**Leasehold Improvements**	**Ships**	**Dry Docking [2]**	**Motor Vehicles**	**Total**
At 1 January 2020, net carrying amount	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**
Additions	-	289	24	855	5,539	348	**7,055**
Disposals, net	-	-	-	-	-	(23)	**(23)**
Transfers	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	94,809	3,176	-	**97,985**
Depreciation charge for the period	-	(298)	(193)	(19,192)	(3,397)	(145)	**(23,225)**
At 30 June 2020, net carrying amount	**2**	**2,344**	**600**	**700,606**	**24,457**	**740**	**728,749**
At 30 June 2020							
Cost	**2**	**6,551**	**2,183**	**333,926**	**28,125**	**1,573**	**372,360**
Foreign currency translation differences	-	-	-	588,290	5,819	-	**594,109**
Accumulated depreciation[1]	-	(4,207)	(1,583)	(221,610)	(9,487)	(833)	**(237,720)**
At 30 June 2020, net carrying amount	**2**	**2,344**	**600**	**700,606**	**24,457**	**740**	**728,749**

[1] Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
[2] Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies and Estimates" under the heading Tangible Assets.

Continuing Operations	**Land and Buildings**	**Office and Vehicle Equipment**	**Leasehold Improvements**	**Ships**	**Dry Docking[2]**	**Motor Vehicles**	**Total**
At 1 January 2019, net of accumulated depreciation and impairment	**2**	**1,657**	**832**	**574,754**	**8,317**	**762**	**586,324**
Additions	-	1,251	292	6,648	12,610	112	**20,913**
Disposals, net	-	(25)	-	-	-	(50)	**(75)**
Transfers	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	74,350	1,564	-	**75,914**
Depreciation charge for the period	-	(530)	(355)	(31,618)	(3,352)	(264)	**(36,119)**
At 31 December 2019, net of accumulated depreciation and impairment	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**
At 31 December 2019							
Cost	**2**	**6,264**	**2,159**	**333,071**	**22,586**	**1,307**	**365,389**
Foreign currency translation differences	-	-	-	466,788	1,840	-	**468,628**
Accumulated depreciation[1]	-	(3,911)	(1,390)	(175,725)	(5,287)	(747)	**(187,060)**
Net carrying amount at 31 December 2019	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**

[1] Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
[2] Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies and Estimates" under the heading Tangible Assets.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

11. PROPERTY AND EQUIPMENT (continued)

The Group has taken the higher value of use determined through fair value whose sales expenses are deducted as amount recoverable and discounted cash flow methods in the impairment calculation made taking each of the dry cargo ships, six maritime affiliates located in Malta, into account as cash generating units as basis as at 30 June 2020 in accordance with IAS 36 and has not made a provision for impairment as at 30 June 2020 since the value of use are higher than carrying amounts for each of the six ships. Discounted cash flow calculations, used to determine amount recoverable, have been started based on final budgeting of technical management company made for leasing contracts which are considered to be concluded in near future in the framework of current market conditions through examining current ship leasing agreements and realisations in previous periods for income. Cash flows which can occur in depreciation period have been tried to be anticipated using expectations and assumptions generated by the Group management on direction, level and timing of market based on recent condition of freight market and impacts related to its development and it is deducted to reporting date with a discount rate appropriate to structure of company and market. Amounts, deducted from cost while determining amount subject to depreciation have been used as cash inflow in value of use calculation. Selection of periods in which fixed or variable based leasing are applied or locations of ships on the expiration of leasing period are main factors which can cause different realizations from those which have been anticipated under assumptions in calculations. On the other hand, the realization of assumptions are bounded to variable factors directing global dry cargo ship transportation market. The Company management believes that any changes reasonably occurring in any of aforementioned main assumptions shall not cause total carrying amounts of aforementioned cash generation units being higher than the total recoverable amounts.

11.1. RIGHT OF USE ASSETS

The Group has capitalized right of use assets amounting of TL 7,841 during the period. The balances of right of use assets and depreciation expenses as of 30 June 2020 are as follows:

	Buildings	Motor Vehicles	Total
At 1 January 2020 net carrying amount	**5,836**	**2,692**	**8,528**
Additions	1,609	706	2,315
Disposals	-	(19)	(19)
Amortization charge for the period	(2,250)	(733)	(2,983)
At 30 June 2020 net carrying amount	**5,195**	**2,646**	**7,841**
At 1 January 2020			
Cost	**11,452**	**4,736**	**16,188**
Accumulated amortization	(6,257)	(2,090)	(8,347)
At 30 June 2020 net carrying amount	**5,195**	**2,646**	**7,841**

	Buildings	Motor Vehicles	Total
At 1 January 2019 net carrying amount	**9,098**	**1,906**	**11,004**
Additions	872	2,019	2,891
Amortization charge for the period	(4,134)	(1,233)	(5,367)
At 31 December 2019 net carrying amount	**5,836**	**2,692**	**8,528**
At 1 January 2019			
Cost	**9,970**	**3,925**	**13,895**
Accumulated amortization	(4,134)	(1,233)	(5,367)
At 31 December 2019 net carrying amount	**5,836**	**2,692**	**8,528**

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

12. INTANGIBLE ASSETS

Continuing Operations	**Patents and Licenses**
At 1 January 2020 net carrying amount	**500**
Additions	15
Disposals,net	-
Amortization charge for the period	(79)
At 30 June 2020 net carrying amount	**436**
At 30 June 2020	
Cost	2,102
Accumulated amortization	(1,666)
At 30 June 2020 net carrying amount	**436**

Continuing Operations	**Patents and Licenses**
At 1 January 2019 net of accumulated amortization	**407**
Additions	251
Disposals, net	-
Amortization charge for the period	(158)
At 31 December 2019 net of accumulated amortization	**500**
At 31 December 2019	
Cost	2,088
Accumulated amortization	(1,588)
At 31 December 2018 net carrying amount	**500**

13. GOODWILL

None.

14. BORROWING COSTS

None.

15. TAXATION

Corporate income is subject to corporate tax at 20% in Turkey to be effective from January 1, 2006. However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

Tax losses carried forward

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect the tax returns and the related accounting records for a retrospective maximum period of five years.

As of 30 June 2020, the Group has no unused tax losses (31 December 2019: None).

Withholding tax on dividend distributions

The 15% withholding tax applies to dividends distributed by resident corporations to resident or non-resident real persons, those who are not liable to or exempt from income and corporation tax, non-resident corporations (excluding those that acquire dividend through a registered office or permanent representative in Turkey). Addition of profit to capital is not considered as dividend. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Investment allowance

Effective from 24 April 2003, investment allowances provided a deduction from the corporate tax base of 40% of the cost of the purchases or production of the new fixed assets subject to depreciation and exceeding TL 10 and directly related with the production of goods and services. Investment allowance that arose prior to 24 April 2003 was subject to 19.8% withholding tax unless they were converted to the new application at the will of companies. All investment allowances were carried forward with indexed amounts. With respect to the new legislation effective from 1 January 2006, these unused investment allowances could be used until 31 December 2008 and investment allowances ceased to apply to the new investments to be made beginning from 1 January 2006, but continued to apply to the investments started before 1 January 2006. Afterwards, a decision rendered by the Constitutional Court of Turkey cancelling the clause of this legislation limiting the deduction period of the unused investment allowances has again made effective the deductibility of the unused investment allowances after 31 December 2008. According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. An amendment to the Income Tax Law promulgated in Official Gazette no 6009 dated 1 August 2010 limited the amount of investment allowance to be utilised to 25% of earnings for the year, but the Constitutional Court of Turkey has cancelled this amendment providing 25% utilization of investment allowance and has again made effective utilization of investment allowance up to 100% of tax base by means of a decision dated 9 February 2012, being effective starting from the tax returns to be filed for the fiscal period as at 31 December 2011.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

15. TAXATION (continued)

Investment allowance (continued)

Therefore, the consolidated financial statements of the Group as at 31 December 2011 are prepared based on 100% utilization of investment allowance by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., the only Group company benefiting from investment allowance.

No tax withholding is made from the investment expenditures without incentive certificate. The company is obliged to accrue 19.8% Income Tax Withholding due to the use of investment discounts for the period before dated 24 April 2003. Investment Tax Credit used by the company for the period before 24 April 2003 and related Income Tax Withholding amounting TL 1,009 reported in May 2020 corporate tax return has been paid on 26 June 2020.

As at 30 June 2020 and 31 December 2019, the Group has the following unused investment allowances:

Unused investment allowances				
Group company	**30 June 2020**		**31 December 2019**	
	Subject to 19.8% withholding tax	**Subject to 0% withholding tax**	**Subject to 19.8% withholding tax**	**Subject to 0% withholding tax**
GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş.	151,945	-	160,707	-
Total	**151,945**	**-**	**160,707**	**-**

Transfer pricing

According to the article 13 titled "the disguised profit distribution by way of transfer pricing" of the Corporate Tax Law, if prices or considerations imposed for purchase or sale of goods or services between the company and its related parties are not consistent with the arm's length principle, the profit hence from is regarded as fully or partially distributed in a disguised way by way of transfer pricing.

The arm's length principle implies that transfer prices or considerations applied in purchase or sale of goods or services between related parties should be in accordance with prices which would have been agreed between unrelated parties. Corporations are required to determine the price or consideration applied in the transactions with related parties by choosing the method most appropriate to the nature of the transaction among the comparable uncontrolled price method, the cost plus method, the resale minus method or the other methods determined by them. The income fully or partially distributed in a disguised way through transfer pricing is considered as dividend distributed by the resident corporations and the amount transferred back to the head office by the non-resident corporations as of the last day of the fiscal period in which the conditions stipulated in this article are realized, with respect to the application of Corporate and Income Tax Laws. The former assessments of tax are adjusted accordingly for the tax-payers being a party to these transactions provided that the tax to be charged to the corporation making the disguised profit distribution is finalized and paid before this adjustment is made.

Consolidated Tax Calculation

Turkish tax legislation, a parent company does not permit its consolidated subsidiaries and affiliates have the financial statements on a consolidated basis over corporate tax declaration and payment arrangements. Therefore, corporate tax provisions that is reflected on the consolidated financial statements and the companies that is in the scope of consolidation are calculated separately.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

15. TAXATION (continued)

Current Tax Liability

The prepaid income taxes are netted off against the corporate income taxes payable as follows:

Continuing Operations	30 June 2020	31 December 2019
Corporate income taxes payable	64,085	27,205
Prepaid income taxes	(5,169)	(20,837)
Income taxes payable, net	**58,916**	**6,368**

Income tax benefit / (expense)

Consolidated income tax benefit /(expense)

		30 June 2020			30 June 2019	
Continuing Operations	**Consolidated statement of profit or loss**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**	**Consolidated statement of profit or loss**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**
Current income tax benefit/(expense)	(65,757)	1,672	(64,085)	(9,872)	(1,048)	(10,920)
Deferred income tax benefit /(expense)	12,666	6	12,672	(6,708)	28	(6,680)
Total	**(53,091)**	**1,678**	**(51,413)**	**(16,580)**	**(1,020)**	**(17,600)**

Continuing Operations Prepaid Income Tax	**31 December 2019**	**Recognised in Period**	**(Taken Back) / Paid in Period**	**30 June 2020**
Taken back from 2019's overpaid corporate tax	403	-	(403)	-
Taken back current year's overpaid corporate tax	-	219	-	219
Prepaid Income Tax	**403**	**219**	**(403)**	**219**

Continuing Operations Prepaid Income Tax	**31 December 2018**	**Recognised in Period**	**(Taken Back) / Paid in Period**	**31 December 2019**
Taken back from 2018's overpaid corporate tax	2,990	-	(2,990)	-
Taken back current year's overpaid corporate tax	-	403	-	403
Prepaid Income Tax	**2,990**	**403**	**(2,990)**	**403**

Corporate tax liability regarding foreign subsidiaries of the Group

The net profits of Cano Maritime Limited, established on 26 March 2013, Dodo Maritime Limited, established on 26 March 2013, Hako Maritime Limited, established on 1 April 2013, Zeyno Maritime Limited, established on 22 April 2013, Neco Maritime Limited, established on 5 May 2016 and Mila Maritime Limited, established on 21 November 2016 all domiciled in Malta, are subject to 0% corporate tax in Malta. GSD Shipping B.V, established on 19 October 2016 domiciled in the Netherlands, is subject to flexible rate corporate tax in the Netherlands. The current profits of Cano Maritime Limited, and Hako Maritime Limited are subject to 22% (prior period to 22%) corporate tax in Turkey to be taxed in the current period profit of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., in the period when they are recognized as profit by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., 100% shareholder of these companies, having been received through dividend distribution in cash or by bonus issue or through share capital increase by bonus issue.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

15. TAXATION (continued)

Deferred tax assets and liabilities

Deferred tax assets or liabilities of the consolidated assets and liabilities with the values shown in the financial statements of the temporary differences arising between the tax base and amounts considered in the calculation is determined by calculating the tax effects of the balance sheet method.

The Group takes into account developments in the sector in which it operates, taxable profit estimates in future periods, the overall economic and political situation of the country of Turkey and its affiliates and/or the general international economic factors such as the political situation may affect the Group in the financial statements of the deferred tax assets.

As at 30 June 2020 and 31 December 2019, the Company's unconsolidated allocated over tax losses and unused in the financial statements and the separation of deferred tax assets, are given in the table above as titled 'Unused Tax losses and Expiry Years' under the group company separation issue. Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements of different companies subject to consolidation. However, consolidated net deferred tax assets and liabilities in the consolidated without offsetting assets and liabilities are shown separately in the financial statements arising from different companies that are subject to consolidation in the financial statements.

Deferred tax assets and liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Deferred tax liabilities		
Valuation differences of financial assets	14,908	27,463
Valuation and depreciation differences of fixed assets	81	125
Other	67	69
Gross deferred tax liabilities	**15,056**	**27,657**
Deferred tax assets		
Provisions arising from financial sector operations	1,719	1,506
Provision for employee termination benefits obligation	598	595
Provision for employee unused paid vacation obligation	271	279
Provision for employee bonus	184	357
Valuation and depreciation differences of fixed assets	17	14
Other	230	197
Gross deferred tax assets	**3,019**	**2,948**
Deferred tax assets/(liabilities), net	**(12,037)**	**(24,709)**

Movement of net deferred tax assets / (liabilities) is presented as follows:

	Continuing Operations	
	30 June 2020	**31 December 2019**
Deferred tax liabilities, net at 1 January	**(24,709)**	**(19,717)**
Deferred income tax recognized in consolidated income statement	12,666	(5,164)
Deferred income tax recognized in consolidated other comprehensive income	6	172
Reversal of deferred tax expense	-	-
Deferred tax liabilities, net at the end of period	**(12,037)**	**(24,709)**

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

16. EMPLOYEE BENEFITS

Employee bonus provision is as follows:

Continuing Operations	30 June 2020	31 December 2019
Bonus provision [1]	1,408	3,232
Total	**1,408**	**3,232**

[1] TL 214 of the bonus provision belongs to GSD Holding A.Ş., TL 805 (TL 574 of the Board of Directors’ bonus provision and TL 231 of other personnel bonus provision) of the bonus provision belongs to GSD Faktoring A.Ş., TL 105 of the bonus provision belongs to GSD Denizcilik Gayrimenkul Inşaat San. ve Tic. A.Ş. and TL 284 of the bonus provision belongs to GSD Yatırım Bankası A.Ş.. (31 December 2019: Respectively TL 412, TL 2,068 (TL 1,612 of the Board of Directors’ bonus provision and TL 456 of the bonus provision) TL 225 and TL 527.)

The movement in employee bonus provision is as follows:

	30 June 2020	31 December 2019
At 1 January	**3,232**	**2,445**
Provision reversed during the period	(1,824)	-
Provision set during the period	-	787
Closing balance at the end of period	**1,408**	**3,232**

Long Term Employee Benefits and Vacation Liability

	30 June 2020	31 December 2019
Employee Benefits	2,987	2,977
Vacation Pay Liability	1,325	1,381
Total	**4,312**	**4,358**

According to IAS 19, long term employee benefits and vacation liability requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans, The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the employee termination benefits obligation.

	30 June 2020	31 December 2019
Discount rate (%)	11.56	11.56
Expected rates of salary/limit increases	7.00	7.00

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days’ pay (limited to a maximum of TL 6,730.15 (full), 6,017.60 and TL 6,379.86 (full) as at 30 June 2020, 30 June 2019 and 31 December 2019, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

The Group, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, has recognized service cost and net interest on the net defined benefit liability (asset) in the consolidated income statement and remeasurements of the net defined benefit liability (asset) in the consolidated comprehensive income statement, which are the components of defined benefit cost.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

16. EMPLOYEE BENEFITS (continued)

The movement in provision for employee termination benefits obligation is as follows:

	30 June 2020	31 December 2019
At 1 January	**2,977**	**1,850**
Actuarial losses/(gains)	35	866
Interest cost on the provision	65	176
Provision reversed due to being paid	(471)	(278)
Provision reversed without being paid	-	(34)
Service cost	381	397
Closing balance at the end of period	**2,987**	**2,977**

The movement in provision for vacation pay liability is as follows:

	30 June 2020	31 December 2019
At 1 January	**1,381**	**1,178**
Provision reversed during the period	(173)	-
Provision set during the period	117	203
Closing balance at the end of period	**1,325**	**1,381**

17. OTHER RECEIVABLES AND PAYABLES

Other Receivables, Current

	30 June 2020	31 December 2019
Transitory receivables [1]	1,974	6,481
Deposits and guarantees given	216	38
Other	1,386	416
Total	**3,576**	**6,935**

[1] The credit balance counterpart of "Transitory receivables in Other Receivables" TL 1,974 is "Transfer orders in Other Payables".

Other Receivables, Non Current

	30 June 2020	31 December 2019
Deposits and guarantees given	4	4
Total	**4**	**4**

Guarantees given in other receivables

As at 30 June 2020 and 31 December 2019, the details of deposits and guarantees given in current assets and non-current assets are as follows:

	30 June 2020	31 December 2019
Other guarantees given	220	42
Total	**220**	**42**

Other Payables, Short Term Liability

	30 June 2020	31 December 2019
Transfer Orders	2,200	6,892
Taxes and funds payable other than on income	6,224	1,680
Other	1,007	503
Total	**9,431**	**9,075**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

18. OTHER ASSETS AND LIABILITIES

Other Assets

	30 June 2020	31 December 2019
Personnel and work advances given	1	1
Deferred VAT	2,369	2,170
Total	**2,370**	**2,171**

Other Short Term Liabilities

	30 June 2020	31 December 2019
Other	20	24
Total	**20**	**24**

19. SHARE CAPITAL/ TREASURY SHARES

Share Capital

As at 30 June 2020 and 31 December 2019, the nominal values and number of shares of the issued capital of the Company are as follows in terms of share groups:

	30 June 2020			31 December 2019		
Share group	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**
A (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
B (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
C (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
D (bearer shares)	44,999,787,888	0.01	449,997,878.88	44,999,787,888	0.01	449,997,878.88
Total	**45,000,000,000**		**450,000,000.00**	**45,000,000,000**		**450,000,000.00**

Privileges

The Company's Board of Directors consists of 9 members which are selected by the general assembly according to Turkish Commercial Code. Five members of the board of directors, two of whom are required to meet the criteria stipulated by the Corporate Governance Principles for independent board members, are selected from the candidates nominated by Class (A) shareholders, two members of the board of directors are selected from the candidates nominated by Class (B) shareholders and two members of the board of directors are selected from the candidates nominated by Class (C) shareholders by the general assembly.

The cancellation of privileges given to Class (A) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (A) shareholders, the quorum for decision being independent from the numbers of shareholders who attend the assembly. The cancellation of privileges given to Class (B) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (B) shareholders, the quorum for decision being independent of the numbers of shareholders who attend the assembly. The cancellation of privileges given to Class (C) shareholders is possible only with a quorum for meeting and decision of 60% of the Class (C) shareholders, the quorum for decision being independent of the numbers of shareholders who attend the assembly.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

19. SHARE CAPITAL/ TREASURY SHARES (continued)

Authorised Share Capital

The Company, being in the authorised share capital system, can increase its share capital until it reaches the authorised share capital by means of a resolution of the board of directors without a resolution of general assembly being also required. The authorised share capital can be exceeded by means of a share capital increase through bonus issue one time only, but can not be exceeded by means of a share capital increase in cash. The authorised share capital of the Company is TL 1,000,000, being effective until 31 December 2021.

Treasury Shares

As at 30 June 2020 and 31 December 2019, the carrying and nominal values and ownership percentages of the treasury shares, which consist of the shares of the Company that are owned by GSD Holding A.Ş., are as follows:

	30 June 2020			**31 December 2019**		
The owner of the treasury shares	**Carrying Value**	**Nominal value**	**Ownership percentage**	**Carrying value**	**Nominal Value**	**Ownership percentage**
GSD Holding A.Ş.	91,018	90,000	%20.00	91,018	90,000	%20.00
Total	**91,018**	**90,000**	**%20.00**	**91,018**	**90,000**	**%20.00**

Profit Appropriation and Dividend Distribution

Public companies distribute accordingly, dividend distribution Article 19 of the Capital Market Law No. 6362 which entered into force on 30 December 2012 and in accordance with the dividend policy and relevant legislation provisions to be determined by their general assembly, according to the CMB's Communique No: II.19.1 Dividend Announcement, which entered into force as of 1 Febuary 2014.

The legal reserves consist of the first and the second legal reserves in accordance with the Turkish Commercial Code, 5% of statutory profits are appropriated as the first legal reserve until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital by the corporations with the exception of holding companies. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital with the exception of holding companies, but may be used to absorb losses in the event that the general reserve is exhausted.

According to the regulations of Capital Markets Board (CMB) of Turkey, there is no minimum required profit distribution for the exchange-traded companies and the net distributable profit of an exchange-traded company preparing consolidated financial statements is calculated by taking into regard its net profit arising from its financial statements in accordance with International Financial Reporting Standards as much as the total of the items that may be distributed as dividend arising from its statutory financial statements based on its books of account. Dividend to be distributed by an exchange-traded company from its net distributable profits arising from its financial statements in accordance with International Financial Reporting Standards is required to be met by the total of its net distributable profit after offsetting its prior year losses, if any, and other items that may be distributed as dividend arising from its statutory financial statements based on its books of account.

19. SHARE CAPITAL/ TREASURY SHARES (continued)

Profit Appropriation and Dividend Distribution (continued)

Companies distribute their profits by the resolution of their general assemblies in accordance with the relevant legislations and within the guidelines stated in their profit distribution policies determined by their general assemblies. Companies pay dividends as determined in the articles of association or divinded policies.

Dividend at public companies are distributed to all outstanding shares as at the distribution date equally in proportion to their ownership percentage in share capital regardless of the issue and acquisition dates of these shares. The rights arising from the dividend privilege are reserved. In the capital increases of public companies, bonus shares are distributed to outstanding shares as at the date of share capital increase.

GSD Holding, adopted a policy of not distributing cash or bonus dividend and distributing retained earnings by way of share capital increases through bonus issue by capitalization of internal resources within the regulatory framework of CMB and re-evaluating this policy every year, pursuant to its profit distribution policy.

Profit Distribution Policy

At the Ordinary General Assembly Meeting of GSD Holding A.Ş. held on 14 May 2020 for the year 2019, it was decided for the Company's Board of Directors to be authorized regarding the distribution of TL 121,224 of net profit of year 2019 on the legal records of the Company by allocating TL 6,061 as first legal reserve and of TL 163,789 of net profit on consolidated IFRS financial statements, by allocating TL 6,061 as first legal reserves, distribution of cash dividend in the amount of TL 36,000 from the consolidated IFRS net profit of 2019 and in terms of legal records, distribution of cash dividend to the shareholders of the Company, entire amount is to be covered by the legal net profit of 2019,

Cash dividend of TL 4,000, in the consolidated IFRS financial statements of the Company, to be expensed in the period profit in accordance with the IFRS rules and to be covered by the net profit of 2019 in the legal records of the company, to the Board Members and determination of the method of distribution of the dividends to be distributed to the Board Members by the Board of Directors; authorization of the Board of Directors of the Company to determine the dividend distribution date, to be at the latest by 30 June 2020,

The remaining TL 75,163 from the net profit of 2019 in the legal records of the Company, and the remaining TL 117,728 from the consolidated IFRS net profit to be allocated to extraordinary reserves.

GSD Holding A.Ş. Board of Directors has determined the cash dividend payment date as 29 May 2020 and cash dividend payments were made on 29 May2020 for non-listed shares and on 2 June 2020 for listed shares with 2 effective days.

In the Ordinary General Assembly Meeting for the year 2019 dated 25 March 2020 of GSD Faktoring A.Ş. it was decided the net profit after the amount to be paid to the members of the board of directors, whose corporate tax and from the net profit obtained after the amount allocated as per clause c of article 21 of the articles of association during the year, to be separated TL 797 as first legal reserve, TL 2,250 dividend distribution to Board of Director members, in accordance with in the circular of the BRSA dated 12 December 2019 and numbered 12509071-102.02.01-E.14866 not to be separated and to be kept in the excess reserve account, and decided to transfer remaning TL 11,284 amount as extraordirary reserves.

The Ordinary General Assembly Meeting for the year 2019 of GSD Yatırım Bankası A.Ş. was held on 20 March 2020. In the Ordinary General Assembly Meeting, it was decided to the net profit amounting to TL 73,068 provided from the activities of the year 2019, TL 16,639 as corporate tax, TL 2,821 first legal reserve, TL 2,500 first premium to shareholders in accordance with 24/C articles of association of the Bank, the remaining of TL 51,108 as extraordinary reserve.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

19. SHARE CAPITAL/ TREASURY SHARES (continued)

Profit Distribution Policy (continued)

In the Ordinary General Assembly Meeting for the year 2019 of GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. held on 14 May 2020, it was decided for the Company's Board of Directors to be authorized regarding the separation of TL 6,993 of net profit of year 2019 on the legal records of the Company by allocating TL 347 as first legal reserve, to allocate the remainder TL 6,587 amount as extraordinary reserves and in the consolidated IFRS financial statements of the Company, it has been decided to allocate TL 347 as first legal reserve, all of which will be covered from previous years' losses.

Profit Distribution of Group Companies

Retained earnings

	30 June 2020	31 December 2019
Extraordinary reserves (historical)	582,377	522,961
Reserves related to withdrawal of shares	6,304	6,304
Inflation adjustment on legal reserves	5,868	5,868
Transaction costs of equity transactions	(901)	(901)
IFRS adjustments	92,774	23,677
Retained earnings	**686,422**	**557,909**

The items that may be distributed as dividend to shareholders of the Company arising from its statutory financial statements based on its books of account

	30 June 2020	31 December 2019
Net profit/loss for the period	326,667	121,224
Extraordinary reserves (historical)	490,370	415,207
Extraordinary reserves (retained earnings arising from the first application of inflation accounting)	68,925	68,925
Inflation adjustment on extraordinary reserves	23,082	23,082
The items that may be distributed as dividend in statutory financial statements	**909,044**	**628,438**

Ordinary General Assembly of the Company has resolved on 14 May 2020 that the profit distribution policy of Company for the year 2020 and the subsequent years pursuant to the Corporate Governance Principles is the distribution of profits as bonus shares by means of share capital increases from internal resources through the capitalisation of profits, to the extent that the criteria stipulated by the regulatory framework of CMB in relation to share capital increases through bonus issue are met, in order to finance the growth by way of retention of earnings in equity through the accumulation of profits in extraordinary reserves by considering the growth plans, investing activities and existing financial structures of the associated companies and subsidiaries and this policy is to be re-evaluated every year by taking into account the regulations of the Capital Markets Board regarding profit distribution and the liquidity position of the Company.

(Currency - Thousands of Turkish Lira (“TL”) unless otherwise stated)

19. SHARE CAPITAL/ TREASURY SHARES (continued)

Profit Distribution Policy (continued)

Listed companies pay dividend distribution in accordance with the CMB's Dividend Communiqué numbered II-19.1, which entered into force as of 1 February 2014. Companies distribute their profits within the framework of profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the said communique, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies.

The restatement effects of the inflation adjustment on the credit balance accounts which are transferred to another account or withdrawn from the company as dividend shall be subject to corporate tax without being included in the current net income for the year during which the transfer or withdrawal is made, but the restatement effects of the inflation adjustment on the equity accounts can be capitalised or transferred to the accumulated deficit account to set off the prior year losses arising from the first application of inflation accounting without being subject to corporate tax, according to the Temporary Clause 25 and the Repeated Clause 298 of the Tax Procedural Law of Turkey. The Tax Procedural Law Communiqué numbered 328 excepts the transfers or withdrawals made from the restatement effects of the inflation adjustment on the nonmonetary credit balance accounts which are profit reserves, special funds (such as fixed asset replacement fund), advances and deposits and progress payments arising from construction contracts, from corporate tax in this regard.

Changes in Non-Controlling Interests Without Loss of Control

According to “IFRS 10 –Consolidated Financial Statements”, “Changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).” In order to meet the requirement of this standard, the difference between the change in the Group’s share in its subsidiaries’ equity items except reserves resulting from the accumulation of other comprehensive income items in equity arising from the change in the Group’s ownership interest in that subsidiary that do not result in a loss of control and the fair value of the consideration paid or received to effect such a change are not recognised in the consolidated income statement and other comprehensive income, but directly classified in “Changes in non-controlling interests without loss of control” balance of the previous year-end, to "Retained Earnings".

The Movement in Changes in Non-Controlling Interests Without Loss of Control:

	30 June 2020	31 December 2019
Opening Balance	**-**	**(382)**
Opening fund balance transferred to retained earnings	-	382
Change in the shares of GSD Holding as a result of repurchased shares of GSD Marin	400	-
The Changes in Non-Controlling Interests Without Loss of Control	**400**	**-**

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

19. SHARE CAPITAL / TREASURY SHARES (continued)

Non-controlling interests

The movement in non-controlling interests classified into the subsidiaries that has non-controlling interests

	GSD Denizcilik Gayrimenkul İnş. San. ve Tic.A.Ş.	GSD Faktoring A.Ş	Consolidated
1 January 2020	**23,071**	**6,953**	**30,024**
Non-controlling interest in net profit/(loss) in the income statement	(3,205)	539	(2,666)
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	5,575	-	5,575
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(1)	(2)	(3)
Non-controlling interest related to share repurchase profit/(loss)	2,056	-	2,056
Non-controlling interest in profit/(loss) from treasury share	-	-	-
Change in the non-controlling interest share	8,122	74	8,196
30 June 2020	**35,618**	**7,564**	**43,182**

The movement in non-controlling interests classified into the subsidiaries that has non-controlling interests

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.	Consolidated
1 January 2019	**21,510**	**5,472**	**26,982**
Non-controlling interest in net profit/(loss) in the income statement	(1,035)	1,500	465
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	2,608	-	2,608
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(12)	(19)	(31)
Non-controlling interest in profit/(loss) from treasury share	-	-	-
Change in the Non-controlling interest share	-	-	-
31 December 2019	**23,071**	**6,953**	**30,024**

Summarised financial information for the subsidiaries that has non-controlling interests [1]

30 June 2020	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
Current Assets	17,008	200,099
Non- Current Assets	265,704	3,372
Total Asset	**282,712**	**203,471**
Short term liabilities	118,008	128,993
Long term liabilities	945	2,052
Total liabilities	118,953	131,045
Equity	163,759	72,426
Total Liability	**282,712**	**203,471**
30 June 2020		
Net period profit/(loss)	(14,542)	5,162
Other comprehensive income	25,287	(22)
Total comprehensive income	**10,745**	**5,140**

Summarised financial information for the subsidiaries that has non-controlling interests [1]

31 December 2019	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
Current Assets	9,829	236,498
Non- Current Assets	239,102	3,498
Total Asset	**248,931**	**239,996**
Short term liabilities	55,095	170,343
Long term liabilities	53,374	2,367
Total liabilities	108,469	172,710
Equity	140,462	67,286
Total Liability	**248,931**	**239,996**
31 December 2019		
Net period profit/(loss)	(5,745)	14,513
Other comprehensive income	15,656	(182)
Total comprehensive income	**9,911**	**14,331**

[1] The details of the above summarised financial data are obtained from consolidated IFRS financial statements except the eliminations of intragroup balances.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

20. ASSETS HELD FOR SALE

Assets held for sale the purpose of sale are consist of the real estate properties obtained by the Group in exchange for "Receivables from Financial Activities". In accordance with the related regulations banks have to dispose of the properties that they are obliged to obtain arisen from their receivables within three years starting from the day of obtaining it. From the real estate properties obtained by the banks due to their receivables, on the condition that they would not exceed the limits specified in Banking Law and the value and the proportion they needed for banking and with the permission of Banking Regulation and Supervision Agency, the ones allocated for their own usage are not evaluated within the scope of aforementioned regulation. Banks may allocate the commodities they acquire due to their receivables for their own use, provided that they have the number and quality they need in order to carry out their banking activities.

	30 June 2020	31 December 2019
Assets held for sale	312	312
Total	**312**	**312**

Assets held for sale

	30 June 2020	31 December 2019
Cost	312	312
Total	**312**	**312**

Movement table of assets held for sale:

	30 June 2020	31 December 2019
Opening balance at 1 January	**312**	**76**
Additions	-	2,948
Disposals (1)	-	(2,712)
Closing balance at the end of period	**312**	**312**

(1) The Bank purchased 5 mortgaged immovable in enforcement proceedings for a total amount of TL 2,948 in 2019. 3 of these real estates were sold at a price of 2.712 TL within the period and 148 TL was transferred to real estate sales profit accounts.

There are no liabilities related to asset groups classified as held for sale from continuing operations.

As at 30 June 2020, the Group has no discontinued operations.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

21. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these consolidated financial statements, unconsolidated subsidiaries and other companies of the shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Board of Directors and their families.

In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms and at rates which approximate market rates:

	30 June 2020				**31 December 2019**			
	GSD Group	**Delta Group**	**Share-holders**	**Key Executives**	**GSD Group**	**Delta Group**	**Share-holders**	**Key Executives**
	Continuing Operations				**Continuing Operations**			
Cash loans	-	-	-	-	-	-	-	-
Deposits-Borrowers' funds	-	-	34,973	-	-	-	29,844	-

	30 June 2020				**30 June 2019**			
	GSD Group	**Delta Group**	**Share-Holders**	**Key Executives**	**GSD Group**	**Delta Group**	**Share-holders**	**Key Executives**
	Continuing Operations				**Continuing Operations**			
Interest income	-	-	-	-	-	-	1	-
Interest expense	-	-	-	-	-	-	-	-
Rent expense	-	-	2,776	-	-	-	2,412	-
Commission income	-	-	3	-	-	-	-	-

In the above table, the balances related with the shareholders belong to the Chairman of the Board of Directors of the Company, Mehmet Turgut Yılmaz, and Delta Group is under the control of Mehmet Turgut Yılmaz. The balances related with GSD Group belong to unconsolidated group companies and its foundation.

In the above table containing related party balances, the rent expense under the shareholders column comprise the amounts paid to Mehmet Turgut Yılmaz for office building rent by group companies; donation expense comprise the donations made to GSD Education Foundation by group companies; the balances of related party transactions under the headings of cash loans, non-cash loans, deposits, borrowers' funds, derivative financial instruments, interest income, interest expense and commission income arise from the banking transactions made between the Group banks and the related parties on market terms. The comparable price method is used in the determination of rent expense arising from related party transactions.

The executive and non-executive members of the Board of Directors and the management received remuneration and fees totalling TL 10,928 for continuing operations for the six-month period ended 30 June 2020 and none for discontinued operations (30 June 2019: TL 6,046 for continuing operations, none for discontinued operations).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

22. PROVISIONS AND COMMITMENTS

Provision for litigation

There is no provision for litigations that is required to be set or disclosed for continuing operations as at 30 June 2020 and 31 December 2019.

Short term provisions

	30 June 2020	31 December 2019
Unindemnified non-cash loans	-	-
General provision for non-cash loans [1]	4,396	3,794
Total	**4,396**	**3,794**

[1] General provision for non-cash loans are presented in the short-term provisions in liabilities.

Non cash loan provisions movement table:

	30 June 2020	31 December 2019
Opening Balance	**-**	**14**
Provision set during / (reversed) the period	-	(14)
Closing balance at the end of period	-	-

Commitments

In the normal course of business, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the consalidated financial statements including:

	30 June 2020	31 December 2019
Letters of guarantee	3,375,735	2,686,841
Bills of acceptances	51,362	151,207
Total non-cash loans	**3,427,097**	**2,838,048**
Other commitments	**-**	**-**
Total non-cash loans and off-balance sheet commitments	**3,427,097**	**2,838,048**

23. FINANCIAL RISK MANAGEMENT

The Company's risk management program focuses on minimising the negative effects of the ambiguities in financial markets on the Company's financial statements. The Company is mostly exposed to ,market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk in relation with financial investments, Group uses derivative instruments in order to protect financial risk.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

23. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency position table	**30 June 2020**				**31 December 2019**			
(Unless indicated,orginal currency)	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**
1. Trade Receivables	37,426	5,470	-	-	11,372	1,914	-	-
2a. Monetary Financial Assets (Cash and Bank)	137,423	19,421	93	3,827	151,336	25,420	50	11
2b. Non-Monetary Financial Assets	508,529	74,322	-	-	764,801	128,750	-	-
3. Other	9,738	1,387	32	-	4,703	750	38	-
4. Current Asset (1+2+3)	**693,116**	**100,600**	**125**	**3,827**	**932,212**	**156,834**	**88**	**11**
5. Trade Receivables	273,688	40,000	-	-	-	-	-	-
6a. Monetary Financial Assets (Cash and Bank	3,284	481	-	-	3,239	545	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	725,063	105,969	-	-	643,274	108,292	-	-
8. Non Current Assets (5+6+7)	**1,002,035**	**146,450**	**-**	**-**	**646,513**	**108,837**	**-**	**-**
9. Total Assets (4+8)	**1,695,151**	**247,050**	**125**	**3,827**	**1,578,725**	**265,671**	**88**	**11**
10. Trade Payables	2,333	324	15	-	900	147	4	-
11. Financial Liabilities	184,677	26,954	26	50	100,199	16,807	47	46
12a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
12b. Non Monetary Other Financial Liabilities	1,030	149	1	-	1,834	307	2	-
13. Short Term Liability (10+11+12)	**188,040**	**27,427**	**42**	**50**	**102,933**	**17,261**	**53**	**46**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	163,994	23,968	-	-	240,577	40,496	4	-
16 a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
16 b. Non Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liability (14+15+16)	**163,994**	**23,968**	**-**	**-**	**240,577**	**40,496**	**4**	**-**
18. Total Liability (13+17)	**352,034**	**51,395**	**42**	**50**	**343,510**	**57,757**	**57**	**46**
19. Net Asset/(Liability) Position of Off Balance Sheet Foreign Currency Derivative Instruments(19a-19b)	-	-	-	-	-	-	-	-
19a. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	-	-	-	-
19b. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	-	-	-	-
20. Net financial position (9-18+19)	**1,343,117**	**195,655**	**83**	**3,777**	**1,235,215**	**207,914**	**31**	**(35)**
21. Position of Net Monetary Units of Foreign Currency Assets / (Liabilities) (=1+2a+5+6a-10-11-12a-14-15-16a)	**100,817**	**14,126**	**52**	**3,777**	**(175,729)**	**(29,571)**	**(5)**	**(35)**
22.Total Fair value of Financial Instruments used for Currency Hedge	-	-	-	-	-	-	-	-
23. Amount of hedged Foreign Currency Assets	-	-	-	-	-	-	-	-
24. Amount of hedged Foreign Currency Liabilities	-	-	-	-	-	-	-	-
25. Export	-	-	-	-	-	-	-	-
26. Import	-	-	-	-	-	-	-	-

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

23. FINANCIAL RISK MANAGEMENT (continued)

According to a regulation of the Capital Markets Board of Turkey dated 9 September 2009 and numbered 28/780, the exchange-traded companies except financial institutions and investment trusts can give a collateral, pledge, mortgage and guarantee only in favor of their own judicial entities and their consolidated subsidiaries and other third parties can be a beneficiary of a collateral, pledge, mortgage and guarantee given by exchange-traded companies only if it is provided with the sole aim of conducting ordinary business activities.

As at 30 June 2020 and 31 December 2019, group collateral and pledge position are as follows:

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**	**30 June 2020**				
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**353**	**345,371**	**-**	**-**	**345,724**
1.Letters of guarantee given by the Group Company	-	-	-	-	-
2. Letters of guarantee given by the Non-Group Banks as collateral against cash loans	133	-	-	-	133
3. Other letters of guarantee given by the Non-Group Banks	-	-	-	-	-
4.Marketable Securities	-	-	-	-	-
5. Cash and bank deposit pledges	220	1,711	-	-	1,931
6.Mortgage given as collateral against cash loans (3)(4)	-	196,098	-	-	196,098
7.Subsidiary share pledge given as collateral against cash loans (3)(4)	-	147,562	-	-	147,562
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**104,772**	**633,223**	**-**	**-**	**737,995**
1. Guarantees given as collateral against cash loans (1)	104,026	571,357	-	-	675,383
2. Guarantees given as collateral against derivative contracts	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	746	-	-	-	746
5. Mortgage given as collateral against cash loans (3)(4)	-	61,866	-	-	61,866
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	-	-	-	-
8. Other	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**2,866,050**	**414,473**	**146,574**	**-**	**3,427,097**
1. Non-cash loans given by the Group Banks	2,866,050	414,473	146,574	-	3,427,097
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	-	-	-	-	-
E. Other collaterals, pledges, mortgages and guarantees given by the Group	-	-	-	-	-
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (2)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**2,971,175**	**1,393,067**	**146,574**	**-**	**4,510,816**

As at 30 June 2020, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 19.33%.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

23. FINANCIAL RISK MANAGEMENT (continued)

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**			**31 December 2019**		
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**42**	**354,309**	**-**	**-**	**354,351**
1.Letters of guarantee given by the Group Company	-	-	-	-	-
2. Letters of guarantee given by the Non-Group Banks as collateral against cash loans	-	-	-	-	-
3. Other letters of guarantee given by the Non-Group Banks	-	-	-	-	-
4.Marketable Securities	-	-	-	-	-
5.Cash and bank deposit pledges	42	1,486	-	-	1,528
6.Mortgage given as collateral against cash loans (3)(4)	-	184,249	-	-	184,249
7.Subsidiary share pledge given as collateral against cash loans (3)(4)	-	168,574	-	-	168,574
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**161,833**	**656,740**	**-**	**-**	**818,573**
1. Guarantees given as collateral against cash loans (1)	161,077	584,081	-	-	745,158
2. Guarantees given as collateral against derivative contracts	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	756	-	-	-	756
5. Mortgage given as collateral against cash loans (3)(4)	-	72,659	-	-	72,659
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	-	-	-	-
8. Other	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**2,245,067**	**358,993**	**233,988**	**-**	**2,838,048**
1. Non-cash loans given by the Group Bank	2,245,067	358,993	233,988	-	2,838,048
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	**-**	**-**	**-**	**-**	**-**
E. Other collaterals, pledges, mortgages and guarantees given by the Group	-	-	-	-	-
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (2)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**2,406,942**	**1,370,042**	**233,988**	**-**	**4,010,972**

(1) Guarantees given as collateral against cash loans and derivative contracts indicate the total risk exposure arising from guarantees given by the Company as collateral against outstanding cash loans and derivative contracts of its consolidated subsidiaries. The Company has no income or consideration arising from such guarantees it has given in favor of its consolidated subsidiaries.

(2) Collaterals, pledges, mortgages and guarantees given by the Group in favor of Mehmet Turgut Yılmaz, the chairman of the Board of Directors of the Company, and Delta Group Companies which are under his control.

(3) The dry bulk cargo ships named M/V Cano and M/V Hako owned by Cano Maritime Limited, Hako Maritime Limited, respectively, and the 100% shares of owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. are mortgaged and pledged, respectively, against the bank loans obtained to finance the ship purchase in favour of the creditor banks.

(4) The dry bulk cargo ships named M/V Dodo, M/V Olivia, M/V Zeyno and M/V Mila owned by Dodo Maritime Limited, Neco Maritime Limited, Zeyno Maritime Limited and Mila Maritime Limited, respectively, and the 100% shares of owned by GSD Shipping B.V. are mortgaged and pledged, respectively, against the bank loans obtained to finance the ship purchase in favour of the creditor banks.

As at 31 December 2019, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 23.46%.

The line of "E. Other collaterals, pledges, mortgages and guarantees given by the Group" in the table asserted above refers to the ratio of other given GPMs by the Group to the Group's equity is 0% as of 30 June 2020 (31 December 2019: 0%).

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

24. FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The table below gives a comparison of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair values in the consolidated financial statements.

	30 June 2020		31 December 2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans and advances to customers	241,448	241,448	249,325	249,325
Finance lease receivables	13	13	11	11
Factoring receivables	198,830	198,830	236,157	236,157
Total	**440,291**	**440,291**	**485,493**	**485,493**
Financial liabilities				
Funds borrowed	417,421	417,400	474,396	474,398
Lease liabilities	8,855	8,855	9,323	9,323
Factoring payables	943	943	1,190	1,190
Total	**427,219**	**427,198**	**484,909**	**484,911**

The following methods and assumptions were used to estimate the fair values of the financial instruments:

- Fair values of certain financial assets and liabilities carried at cost or amortized cost, including cash and cash equivalents, balances with the Central Bank, deposits with banks and other financial institutions, other money market placements, factoring receivables and payables, demand deposits and reserve deposits at the central bank are considered to approximate their respective fair values due to their short-term nature.
- Fair values of other financial instruments are determined by using estimation techniques that include taking reference to the current market value of another instrument with similar characteristics or by discounting the expected future cash flows at prevailing interest rates.

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt instruments.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the OTC derivative contracts. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

24. FAIR VALUES (continued)

Fair Value Hierarchy (continued)

31 June 2020	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit/loss	69,925	-	34,830	**104,755**
Financial assets at fair value through other comprehensive income statement	-		475,216	**475,216**
Derivative assets held for trading	-	-	-	-
Total	**69,925**	**-**	**510,046**	**579,971**

31 December 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit/loss	-	802,907	1,517	**804,424**
Derivative assets held for trading	-			
Total	**-**	**802,907**	**1,517**	**804,424**

25. EARNINGS PER SHARE

Continuing Operations	30 June 2020	30 June 2019
Net profit/(loss)	4,202	100,912
The weighted average number of shares with a nominal value of full TL 1	360,000,000	360,000,000
Basic earnings per share with a nominal value of full TL 1	**0.012**	**0.280**
Diluted earnings per share with a nominal value of full TL 1	**0.012**	**0.280**

(*) In accordance with the Board of Directors decision of GSD Holding A.Ş. dated on 26 July 2016, which was taken in line with the press announcements of the CMB relating to purchased share dated 21 July 2016 and 25 July 2016, as of 30 June 2020, the Group D share with a nominal value of 90,000 TL has its share back, it was taken back for a total price of TL 56,418. The company did not purchase any new shares as of 19.08.2020.
(30 June 2019: TL 90,000 nominal value, purchased back for TL 56,418).

26. CASH FLOWS

Cash and cash equivalents in the statement of cash flows:

Continuing Operations	30 June 2020	30 June 2019
Cash on hand and balances with the Central Bank	1,224	1,815
Banks and financial institutions	56,242	102,277
Receivables from money market	-	6,426
Reserve requirements	67	264
Cash and cash equivalents in the statement of financial position	**57,533**	**110,782**
Less: Required reserve	(67)	(264)
Less: Accured interest	(71)	(243)
Less: Blocked amount	(1,711)	(1,439)
Cash and cash equivalents in the statement of cash flows	**55,684**	**108,836**

27. EVENTS AFTER THE REPORTING PERIOD

None.

28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ISSUES MUST BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

Shares of Silopi Elektrik Üretim A.Ş.

The closing of the transaction in connection with the agreement for purchase and sale of shares and of shareholders comprising the purchase of the Class (B) shares with a nominal value of full TL 30,307,500 representing a ratio of 15 % in the share capital of full TL 202,050,000 of Silopi Elektrik Üretim A.Ş. by GSD Holding A.Ş. from Park Holding A.Ş. signed on 8 June 2015, being conditional upon obtaining the necessary regulatory approvals from the relevant regulatory authorities in Turkey, has been executed between GSD Holding A.Ş and Park Holding A.Ş. on 29 June 2015, the total price of USD 125,000,000 having been paid by GSD Holding A.Ş. to Park Holding A.Ş. and the assignment by Park Holding A.Ş. to GSD Holding A.Ş. of the shares constituting the subject of the agreement having been made and entered to the share ledger of Silopi Elektrik Üretim A.Ş. as of this date.

On 8 June 2020 it has been decided that GSD Holding A.Ş. has used its put option and sold its 5.40 % shares to Park Holding A.Ş. with a nominal value of TL 10,910,700 that represent 5.40% of capital of Silopi Elektrik Üretim A.Ş. in return of USD 45,000,000 with respect to derogation of existing agreement that was signed on 8 June 2015 between GSD Holding A.Ş. and Park Holding A.Ş.. For the remaining shares representing 9.60% of capital of Silopi Elektrik Üretim A.Ş., GSD Holding A.Ş. and Park Holding A.Ş. agreed on extending the period for the public offering of the company until 31 December 2024, agreed to increase this company's paid in capital by Park Holding A.Ş. from TL 202,050,000 to TL 1,500,000,000. After the capital increase, bonus issues are going to be transferred to GSD Holding A.Ş. from Park Holding A.Ş. through protecting its 9.60% shares of Silopi Elektrik Üretim A.Ş. with a nominal value of TL 124,603,200, cover the remuneration by Park Holding A.Ş., finally in case the Silopi Elektrik Üretim A.Ş.'s public offering is not realized by the stipulated date, the new addendum established right to GSD Holding A.Ş. for the sale of the remaining shares with an option price of USD 30,000,000 to Park Holding A.Ş. and it has been agreed that the minimum dividend to be paid is determined as 3% per annum with respect to the remaining balance of the receivable until 31 December 2024.

After the additional addendum made on 8 June 2020, TL 11,038 income accrual calculated in the ratio of the number of days until the end of the period as of 30 June 2020 over the annual minimum profit share guarantee, is recognized under the item "Other Income from Investment Activities" as valuation income in the statement of profit or loss.

As at 30 June 2020, Silopi Elektrik Üretim A.Ş. shares which were previously classified as "Financial assets fair value through profit/loss" in the statement of financial position, are reclassified under "Financial assets at fair value through other comprehensive income" because of the fact that they are assessed within the scope of the business model aiming to collect the contractual cash flows and to invest. The business model change took place in accordance with the additional conditions of supplemental agreement signed on 8 June 2020.

In accordance with IFRS 9, business model changes are expected to be very infrequent. Such changes are determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties.

Accordingly, the Company has ensured with a contract that the right to sell back the remaining shares cannot be used before 30 September 2024 and the Company has chosen to account for the remaining shares under the business model aiming to hold the shares for investment purposes.

At the Ordinary General Assembly Meeting of Silopi Elektrik Üretim A.Ş., dated 26 June 2020, it was decided to increase the paidin capital from TL 202,050,000 to TL 1,501,125,000; TL 1,125,000 from internal resources and TL 1,297,950,000 in cash and according to the supplementary agreement dated 8 June 2020, of the TL the capital increased in cash of TL 124,603,200 corresponding to the shares of GSD Holding A.Ş. to be paid by Park Holding A.Ş.. The capital increase was registered on 30 June 2020 and share transfers have been realized.

28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ISSUES MUST BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE (contined)

Shares of Silopi Elektrik Üretim A.Ş. (continued)

In the first paragraph of Article 5 of the Corporate Tax Law, exceptions are held for earnings arising from the sale of properties and participation shares and founder's shares, perpetual bonds and pre-emptive rights. The purpose of the exception is to enable the affiliated values of institutions to be used more effectively in economic activities and strengthening the financial structures of institutions. If the conditions specified in this paragraph are met with the participation shares in the assets of the institutions for at least two full years 75% of the earnings arising from the sale of founding shares, participation shares and pre-emptive rights that they have for the same period are exempted from corporate tax. In this context the portion of the earning benefiting from the exception to be obtained from the sale of shares in Silopi Elektrik Üretim A.Ş., starting from the beginning of the 2021 accounting period, until the date the corporate tax return is submitted for the period in which the income is declared, it is taken into a special fund account in the liabilities and must be kept in the said fund account until the end of the fifth year following the year in which the sale was made.

Treasury Shares

Between 30 June 2015 and 14 December 2017, 90,000,000 (full) Company shares were purchased by the Company itself on the Borsa Istanbul amounting to 56,418,123.54 TL, in for with a share of 0.63 TL. The proportion of bought back shares until 19 August 2020, when the report was published, in our paid-in capital of TL 450,000,000 registered on 30 November 2016, is 20.00% and there is no remaining amount to be repurchased.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. company shares was purchased by itself with a number of 3,411,059 (full) for a price of TL 3,222,647.20 for a share of TL 0.94 on the Borsa İstanbul, within the scope of the announcements of Capital Markets Board on 21 July 2016 and 25 July 2016 and between 26 July 2016 and 14 November 2018.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. has sold all of treasury shares between 29 January 2020 and 29 May 2020. The realized loss / gain amount is TL 9,329.

After the sale of all treasury shares by GSD Denizcilik Gayrimenkul İnş.San.ve Tic. A.Ş. between 29 January 2020 and 29 May 2020 in BIST, the share of GSD Holding A.Ş. in GSD Denizcilik Gayrimenkul İnş.San.ve Tic. A.Ş. has decreased from 83.411% to 77.958%. As a result of the mentioned transactions, the direct share rate of GSD Holding A.Ş. in GSD Faktoring has decreased by 0.11% because of the share of GSD Denizcilik Gayrimenkul İnş.San.ve Tic. A.Ş. has a 1.98% share in the capital of GSD Faktoring A.Ş. and its direct and indirect total share decreased from 89.66% to 89.55%. The total direct and indirect share of GSD Holding A.Ş. in the capital of GSD Factoring A.Ş. is 89.55%.

Increasing the shares owned by GSD Holding by 80% in nominal terms due to the increase of the paid capital from TL 250,000,000 to TL 450,000,000 through bonus issue and based on the fact that there is no payment for the shares in question, CMB has been requested an opinion on whether or not reserve funds should be set aside within the scope of Article 520 of the Turkish Commercial Code numbered 6102 for bonus shares. According to the CMB's opinion numbered 36231672-045.01-E.1473, which was taken based on the relevant request, bonus shares related to the repurchased shares owned in order for monitor the shares bought back in the consolidated financial statements, shown under equity over the nominal value in the "Treasury Shares (-)" and "Reserves Regarding Repurchased Shares" item under "Reserves on Retained Earnings" have been recorded reciprocally.With this presentation, the bonus shares related to the repurchased shares did not have any effect on the previous years profit and total equity in the consolidated financial statements.

28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ISSUES MUST BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE (contined)

Giving additional time from the Capital Market Board regarding the disposal of treasury shares

It has been reported by the Capital Markets Board that the Company shall be granted an additional 18 months in response to the additional request made by the Company on 28 March 2019, in accordance with the announcement of the Capital Markets Board dated 21 July 2016 and the additional announcement dated 25 July 2016 of this announcement, the third article of Article 19 of the Communique No: II-22.1 on the disposal of shares exceeding 10% of the repurchased capital as regards the duration specified in paragraph dispose of three years.

Mehmet Turgut Yılmaz and Shareholders taking joint actions with Mehmet Turgut Yılmaz

Direct share ratio total of Mehmet Turgut Yılmaz on GSD Holding A.Ş. is 25.50%, total ratio of direct and indirect shares is 28.14%, which with the calculation of the capital with the deduction of repurchased shares is 35.18%.

As at 30 June 2020 according to the Communique on Prospectus and Issue Document (II-15.1), the total share of Mehmet Turgut Yılmaz and people acting together is 50.14% and the total share is 37.67% with treasury shares deducted from capital.

Regarding the shares of GSD Holding A.Ş., 25.50% of shares owned by Mehmet Turgut Yılmaz, 4.50% of shares owned by MTY Delta Denizcilik İç ve Dış Ticaret A.Ş., 20.00% of shares owned by GSD Holding A.Ş. and 0.14% of shares owned by Adeo Turizm Otelcilik Limited Şirketi, which in total adds up to 50.14%, act in unison.

Capital Increase of GSD Faktoring A.Ş.

On 18 October 2019, at the Extraordinary General Assembly Meeting of GSD Faktoring A.Ş. a subsidiary of GSD Holding A.Ş., it has been decided to increase the paid capital of TL 20,000,000 to TL 45,000,000. All of the increased capital was fully covered from extraordinary reserves.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş.'s Registered Capital Extension of Time

In order to extend the validity period of GSD Denizcilik's the upper limit of registered capital of 250.000.000 TL by 5 years until the end of 2024 (5 years), necessary permissions have been obtained from Capital Markets Board and the Ministry of Customs and Trade. Following the legal permissions regarding the amendment of the articles of association, the relevant transaction was approved at the Company's General Assembly dated 14 May 2020.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş.'s Conversion of Receivables from Hako Maritime Ltd. and Cano Maritime Ltd. to Capital Shares

The for the purpose of conversion of the receivables of GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. from its subsidiaries established in Malta USD 8,500,000 from Cano Maritime Ltd. and USD 3,200,000 from Hako Maritime Ltd., into capital shares for the capital increases of these amounts, it has been decided on 3 February 2020 to sign "Contribution Agreements" and to fulfill other necessary works and transactions in order to put the said receivables as capital.

Capital Increase of GSD Yatırım Bankası A.Ş.

On 11 June 2020, at the Extraordinary General Assembly Meeting of GSD Yatırım Bankası A.Ş., a subsidiary of GSD Holding A.Ş., it has been decided to increase the paid-in capital of TL 50,000,000 to TL 240,000,000. The increased amount of TL 190,000,000 was decided to be covered from undistributed profits amounting TL 28,750,000, from other profit reserves amounting TL 377,384, from capital reserves from inflation adjustment differences amounting TL 2,712,744, and from prior years profits amounting TL 158,159,872.The capital increase has been registered on 24 June 2020.

28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ISSUES MUST BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE (continued)

Dividend Distribution

Dividend payments of GSD Holding A.Ş., which were decided to be distributed at the Ordinary General Assembly Meeting for 2019 held on 14 May 2020, were made on 29 May and 2 June 2020.

Coronavirus and Its Effects

The COVID-19 epidemic that has recently emerged in China, spreading to various countries around the world, causing potentially fatal respiratory infections, it causes disruptions in operations, especially in countries that are heavily exposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and are still being taken. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and around the world.

GSD Yatırım Bankası A.Ş.

The effects of COVID-19 pandemic are closely monitored and evaluated by the Bank.

The BRSA's based on resolutions numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020, mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 pandemic, effective starting from 17 Mart 2020, within the scope of Articles 4 and 5 of the “Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions for These” the 30 days delay period envisaged for the classification of loans in the second group to be applied as 90 days until 31 December 2020 for the credits monitored in the first group and the 90 days delay period foreseen for the non-performing loan classification of loans to be applied as 180 days until 31 December 2020 for the monitored loans in the first and second groups.

In this context, as of 30 June 2020, the Bank does not have any loans within the scope of the above mentioned applications.

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. ve GSD Holding A.Ş.

The COVID-19 epidemic, which has affected the whole world, has had some impacts on the global maritime industry and operations where GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Holding A.Ş. are operating in. In early 2020, due to the rapid spread of the coronavirus and reduced demand for goods from China time charter rates for the first quarter were affected. Developments in the Bulk segment, where we operate with six ships as a group, have been more promising. Cargo demand such as iron ore, coal and grain has recently begun to improve due to depending on recovery in demand from China, Japan and South Korea. There have been a number of difficulties during crew changes due to travel restrictions in the whole world and some difficulties were encountered in matters such as sending spare parts and service engineers to our ships. All necessary measures and actions have been taken for the group fleet to work seamlessly and our operations continue seamlessly.

While preparing the interim consolidated financial statements dated 30 June 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the consolidated financial statements have been reviewed. In this context, probable impairment in the interim consolidated financial statements dated 30 June 2020 has been evaluated.

28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ISSUES MUST BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE (continued)

Coronavirus and Its Effects (continued)

GSD Faktoring A.Ş.

The COVID-19 epidemic affecting the whole world, has also had some impacts on the factoring industry and our operations as GSD Faktoring A.Ş..

With the decision of the BRSA dated 19 March 2020 and numbered 8950; in the subparagraph (a) of the first paragraph of Article 6 of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies due to the disruptions in economic and commercial activities as a result of the COVID-19 pandemic and the 90-day delay period specified in the sixth paragraph of the same article is allowed to be applied as 180 days until 31 December 2020.

In this context, while preparing the interim financial statements dated 30 June 2020, receivables with delay in the collection of principal, interest or both are considered within this scope.

CONVENIENCE CONVERSION OF FINANCIALS

The US Dollar ("USD") amounts shown in the statement of financial position and statement of profit or loss and other comprehensive income on the following pages have been included solely for the convenience of the reader. For the current period's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 6.8422 TL/USD prevailing on 30 June 2020. For the prior year's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 5.9402 TL/USD prevailing on 31 December 2019 (30 June 2019: 5.7551). Such translation should not be construed as a representation that the TL amounts have been converted into USD pursuant to the requirements of IFRSs or Generally Accepted Accounting Principles in the United States of America or in any other country.

Consolidated Statement of Financial Position
As at 30 June 2020

(Currency: Thousands of US Dollar ("USD") unless otherwise stated)

	30 June 2020	31 December 2019
Assets		
Cash and balances with the Central Bank	179	120
Deposits with other banks and financial institutions	8,220	22,824
Reserve deposits at the Central Bank	10	9
Financial assets– fair value through profit/loss	15,310	135,420
Financial assets at fair value through other comprehensive income	69,454	-
Unquoted equity instruments	55	63
Loans and advances to customers, net	35,288	41,972
Factoring receivables, net	29,059	39,756
Finance lease receivables, net	2	2
Trade receivables, net	45,471	1,916
Other receivables, net	523	1,168
Inventories	655	511
Prepaid expenses	852	335
Assets held for sale from continuing operations	46	53
Property and equipment	106,508	108,912
Right of use assets	1,146	1,436
Intangible assets	64	84
Prepaid income tax	32	68
Deferred tax assets	359	401
Other assets	346	365
Total assets	**313,579**	**355,415**
Liabilities		
Funds borrowed	61,007	79,862
Lease liabilities	1,294	1,569
Borrowers' funds	5,758	5,777
Factoring payables	138	200
Liabilities arising from finance leases	7	7
Trade payables	407	207
Other payables	1,378	1,530
Current tax liability	8,611	1,072
Deferred income	151	311
Provisions	1,478	1,916
Deferred tax liabilities	2,118	4,561
Other liabilities	4	4
Total liabilities	**82,351**	**97,016**
Equity		
Share capital	78,335	90,230
Treasury shares	(13,302)	(15,322)
Share premium	1,786	832
Changes in non-controlling interests without loss of control	58	-
Remeasurements of the net defined benefit liability (asset)	(4)	(112)
Translation reserve	37,928	35,151
Retained earnings	119,502	114,993
Net profit for the period	614	27,573
Equity attributable to equity holders of the parent	**224,917**	**253,345**
Non-controlling interests	**6,311**	**5,054**
Total equity	**231,228**	**258,399**
Total liabilities and equity	**313,579**	**355,415**

Consolidated Income Statement
For the Six-Month Period Ended 30 June 2020

(Currency: Thousands of US Dollar ("USD") unless otherwise stated)

CONTINUING OPERATIONS	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Holding activities income	-	-
Holding activities expense (-)	-	-
Gross profit/(loss) from holding activities	-	-
Marine sector income	6,108	9,506
Marine sector expense (-)	(8,367)	(8,158)
Gross profit/(loss) from marine sector operations	**(2,259)**	**1,348**
Gross profit/(loss) from commercial sector operations	**(2,259)**	**1,348**
Interest income	5,312	10,990
Service income	2,683	2,356
Revenue from financial sector operations	**7,995**	**13,346**
Interest expense (-)	(1,236)	(3,028)
Service expense (-)	(66)	(118)
Cost of financial sector operations (-)	**(1,302)**	**(3,146)**
Provision income/(expense) arising from financial sector operations, net	**(160)**	**(98)**
Foreign exchange gain/(loss), net	**436**	**(69)**
Other financial sector operations income/(expense), net	**20**	**33**
Gross profit/(loss) from financial sector operations	**6,989**	**10,066**
GROSS PROFIT/(LOSS)	**4,730**	**11,414**
Administrative expenses (-)	(4,404)	(3,810)
Other income from operating activities	2,543	3,000
Other expense from operating activities (-)	(128)	(442)
OPERATING PROFIT/(LOSS)	**2,741**	**10,162**
Income from investment activities	7,613	13,023
Expense from investment activities (-)	(211)	(3)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**10,143**	**23,182**
Financing income	-	-
Financing expenses (-)	(2,159)	(2,763)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,984**	**20,419**
Tax income/(expense) from continuing operations	**(7,760)**	**(2,881)**
Current tax income/(expense)	(9,611)	(1,715)
Deferred tax income/(expense)	1,851	(1,166)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**224**	**17,538**
Discontinued operations		
Profit/(loss) before tax from discontinued operations	-	-
Tax income/(expense) from discontinued operations	-	-
Current tax income/(expense)	-	-
Deferred tax income/(expense)	-	-
Gain or loss relating to the discontinuance, net	-	-
Gain or loss relating to the discontinuance	-	-
Cost to sell the discontinued operations	-	-
Tax expense relating to the discontinuance	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	-	-
NET PROFIT/(LOSS)	**224**	**17,538**
Net profit/(loss) (continuing and discontinued operations) attributable to:		
Non-controlling interests	(390)	4
Equity holders of the company	614	17,534
Net profit/(loss) (continuing operations) attributable to:		
Non-controlling interests	(390)	4
Equity holders of the company	614	17,534
Net profit/(loss) (discontinued operations) attributable to:		
Non-controlling interests	-	-
Equity holders of the company	-	-
Earnings per share (in full USD per share with a nominal value of full USD 1)		
Earnings per share from continuing operations	0.002	0.049
Earnings per share from discontinued operations	0.000	0.000

Consolidated Statement Of Profit Or Loss and Other Comprehensive Income For the Six-Month Period Ended 30 June 2020

(Currency: Thousands of US Dollar ("USD") unless otherwise stated)

	01.01.2020 30.06.2020	01.01.2019 30.06.2019
NET PERIOD PROFIT / (LOSS)	**224**	**17,538**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income which will be not reclassified in profit or loss	**(4)**	**(20)**
Remeasurements of the net defined benefit liability (asset)	(4)	(20)
Other comprehensive income which will be reclassified in profit or loss	**9,010**	**5,348**
Change in currency translation differences	9,010	5,348
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**9,006**	**5,328**
TOTAL COMPREHENSIVE INCOME	**9,230**	**22,866**
Total comprehensive income attributable to:		
Non-controlling interests	**424**	**304**
Equity holders of the company	**8,806**	**22,562**