GSD Holding
Anonim Şirketi

Consolidated Financial Statements
As at and For the Year Ended
31 December 2019
Together With Independent Auditors' Report on
Consolidated Financial Statements

10 March 2020

This report contains "Independent Auditors' Report" comprising 6 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 85 pages and 4 pages of supplementary information.

GSD Holding Anonim Şirketi

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KPMG

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Independent Auditors' Report

To the Board of Directors of GSD Holding Anonim Şirketi

Opinion

We have audited the consolidated financial statements of GSD Holding Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, consolidated income statement, consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

See Note 2 and Note 40 for the details of the accounting policies used for impairment of loans and advances to customers and for the significant accounting estimates and assumptions used.

The key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers As at 31 December 2019, loans and advances to customers comprise of 12% of the Group's total assets. The Group's banking subsidiary, GSD Yatırım Bankası A.Ş. ("the Bank"), recognizes its loans and advances to customers in accordance with IFRS 9.. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the	Our procedures for testing the impairment of loans and advances included below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the Bank's business model whose objective is to hold financial assets in order to collect contractual cash flows and we tested the appropriateness of the loan agreements with the model by selecting samples. • We evaluated the Bank's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables. • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was

forward looking expectations are reflected by macroeconomic models. Impairment on loans and advances to customers was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgments and its complex structure as explained above.	tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • Additionally, we also evaluated the adequacy of the financial statement disclosures related to impairment provisions.

Impairment of tangible assets

See Note 2 and Note 40 for the details of the accounting policies used for impairment of and for the important accounting estimates and assumptions used for tangible assets.

The key audit matter	How our audit addressed the key audit matter
Impairment of tangible assets As at 31 December 2019, ships which are presented in the tangible assets, comprise 31% of the Group's total assets. The Group assesses if there is indication of impairment by comparing each ship's, as regarded as cash-generating unit's, fair value less costs to sell and its value in use based on discounted cash flows. The management has used estimates and assumptions for the determination of impairment. Impairment of ships was considered to be a key audit matter, due to the significance of ships in the Group's total assets and significant Management estimates and assumptions used in applying valuation methods.	Our procedures for auditing significant estimates and assumptions used in testing the impairment of ships included below: • We evaluated the valuation model prepared by the management. • We evaluated the appropriateness of valuation models and discount rate used in valuation model. with the involvement of specialists. • We evaluated income and expense expectations used in valuation models. • We tested the consistency, appropriateness and mathematical accuracy of estimates and assumptions used in the discounted cash flow calculations used by management to determine recoverable amount. • We evaluated the assumptions used in determining the useful lives of the ships and the market knowledge for the determination of salvage value at the end of the useful life.

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Appendix I is presented for the purposes of additional analysis and is not required part of the basic consolidated financial statements. The US Dollar amounts presented in Appendix I are solely for the convenience of the reader as additional analysis and have not been subjected to the audit procedures applied in the audit of the basic consolidated financial statements. Accordingly, we do not express an opinion on this supplementary information.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Orhan Akova
Partner

10 March 2020

GSD Holding Anonim Şirketi

Consolidated Statement of Financial Position
As at 31 December 2019

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

	Notes	31 December 2019	31 December 2018
Assets			
Cash and balances with the Central Bank	*5*	715	5,441
Deposits with other banks and financial institutions	*5*	135,578	236,459
Receivables from money market	*5*	-	5,003
Reserve deposits at the Central Bank	*5*	55	2,594
Financial assets at fair value through profit/loss	*6*	804,424	721,845
Unquoted equity instruments	*7*	377	377
Loans and advances to customers, net	*8*	249,325	210,352
Factoring receivables, net	*10*	236,157	105,760
Finance lease receivables, net	*9*	11	26
Trade receivables, net	*15*	11,382	6,310
Other receivables, net	*16*	6,939	12,811
Inventories	*17*	3,034	3,764
Prepaid expenses	*18*	1,987	1,829
Assets held for sale from continuing operations	*11*	312	76
Tangible assets	*13*	646,957	586,324
Right of use assets	*13.1*	8,528	-
Intangible assets	*14*	500	407
Prepaid income tax	*27*	403	2,990
Deferred tax assets	*27*	2,382	2,318
Other assets	*19*	2,171	1,778
Total assets		**2,111,237**	**1,906,464**
Liabilities			
Funds borrowed	*21*	474,396	430,590
Lease liabilities	*9*	9,323	-
Other money market deposits	*20*	-	18,513
Borrowers' funds	*20*	34,319	77,133
Factoring payables	*10*	1,190	1,430
Liabilities arising from finance leases	*9*	41	57
Trade payables	*23*	1,230	241
Other payables	*16*	9,075	14,832
Current tax liability	*27*	6,368	4,342
Deferred income	*24*	1,847	3,088
Provisions	*25*	11,384	7,030
Deferred tax liabilities	*27*	27,091	22,035
Other liabilities	*26*	24	20
Total liabilities		**576,288**	**579,311**
Equity	***30***		
Share capital		535,986	535,986
Treasury shares		(91,018)	(91,018)
Share premium		4,945	4,945
Changes in non-controlling interests without loss of control		-	(382)
Remeasurements of the net defined benefit liability (asset)		(663)	(60)
Fair value reserve		-	-
Translation reserve		208,806	167,178
Retained earnings		683,080	390,334
Net profit for the period		163,789	293,188
Equity attributable to equity holders of the parent		**1,504,925**	**1,300,171**
Non-controlling interests		**30,024**	**26,982**
Total equity		**1,534,949**	**1,327,153**
Total liabilities and equity		**2,111,237**	**1,906,464**

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Income Statement
For the Year Ended 31 December 2019

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

CONTINUING OPERATIONS	*Notes*	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Holding activities income	*34*	-	-
Holding activities expense (-)	*34*	-	-
Gross profit/(loss) from holding activities		**-**	**-**
Marine sector income	*34*	116,549	104,258
Marine sector expense (-)	*34*	(97,640)	(74,995)
Gross profit/(loss) from marine sector operations		**18,909**	**29,263**
Gross profit/(loss) from commercial sector operations		**18,909**	**29,263**
Interest income	*34*	119,919	117,687
Service income	*34*	31,004	18,215
Revenue from financial sector operations		**150,923**	**135,902**
Interest expense (-)	*34*	(30,036)	(37,247)
Service expense (-)	*34*	(1,286)	(1,421)
Cost of financial sector operations (-)		**(31,322)**	**(38,668)**
Provision income/(expense) arising from financial sector operations, net	***34***	**(2,125)**	**(3,075)**
Foreign exchange gain/(loss), net		**147**	**10,411**
Trading income, net	***34***	**270**	**293**
Other financial sector operations income/(expense), net	***34***	**793**	**1,385**
Gross profit/(loss) from financial sector operations		**118,686**	**106,248**
GROSS PROFIT/(LOSS)		**137,595**	**135,511**
Administrative expenses (-)	*35*	(44,762)	(42,203)
Other income from operating activities	*36*	27,358	55,362
Other expense from operating activities (-)	*36*	(7,450)	(26,323)
OPERATING PROFIT/(LOSS)		**112,741**	**122,347**
Income from investment activities	*37*	110,144	268,656
Expense from investment activities (-)	*37*	(22)	(2)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES		**222,863**	**391,001**
Financing income		-	-
Financing expenses (-)	*38*	(27,918)	(40,609)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**194,945**	**350,392**
Tax income/(expense) from continuing operations		**(30,691)**	**(50,217)**
Current tax income/(expense)	*27*	(25,527)	(32,867)
Deferred tax income/(expense)	*27*	(5,164)	(17,350)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**164,254**	**300,175**
Discontinued operations	***11***		
Profit/(loss) before tax from discontinued operations	***11***	**-**	**-**
Tax income/(expense) from discontinued operations	***11***	**-**	**-**
Current tax income/(expense)	*11*	-	-
Deferred tax income/(expense)	*11*	-	-
Gain or loss relating to the discontinuance, net	***11***	**-**	**-**
Gain or loss relating to the discontinuance	*11*	-	-
Cost to sell the discontinued operations	*11*	-	-
Tax expense relating to the discontinuance	*11*	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	***11***	**-**	**-**
NET PROFIT/(LOSS)		**164,254**	**300,175**
Net profit/(loss) (continuing and discontinued operations) attributable to:			
Non-controlling interest	*30*	465	6,987
Equity holders of the company	*39*	163,789	293,188
Net profit/(loss) (continuing operations) attributable to:			
Non-controlling interest	*30*	465	6,987
Equity holders of the company	*39*	163,789	293,188
Net profit/(loss) (discontinued operations) attributable to:			
Non-controlling interest		-	-
Equity holders of the company	*39*	-	-
Earnings per share (in full TL per share with a nominal value of full TL 1)			
Earnings per share from continuing operations	*39*	0.455	0.814
Earnings per share from discontinued operations	*39*	0.000	0.000

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

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

	Notes	01.01.2019 31.12.2019	01.01.2018 31.12.2018
NET PERIOD PROFIT / (LOSS)		**164,254**	**300,175**
OTHER COMPREHENSIVE INCOME	*31*		
Other comprehensive income which will be not reclassified in profit or loss		**(694)**	**(62)**
Remeasurements of the net defined benefit liability (asset)		(694)	(62)
Other comprehensive income which will be reclassified in profit or loss		**44,236**	**97,481**
Change in currency translation differences		44,236	97,481
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets		-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**43,542**	**97,419**
TOTAL COMPREHENSIVE INCOME		**207,796**	**397,594**
Total comprehensive income attributable to:			
Non-controlling interest		3,042	7,555
Equity holders of the company		204,754	390,039

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019

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

							Other accumulated comprehensive income and expense which will be not reclassified in profit or loss		Other accumulated comprehensive income and expense which will be reclassified in profit or loss					
	Notes	Share capital	Inflation adjustment to share capital	Treasury shares	Share premium	Changes in non-controlling interest reserve	Revaluation and remeasurement gain/loss	Translation reserve	Remeasurement and reclassification gain/loss	Other gain/loss	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
At 1 January 2018	*30*	**450,000**	**85,986**	**(91,018)**	**4,945**	**(765)**	**(66)**	**69,468**	**22,361**	**-**	**389,805**	**930,716**	**20,766**	**951,482**
Adjustments related with changes in accounting policies		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,361)**	**-**	24,044	**1,683**	**-**	**1,683**
Transfers		**-**	**-**	**-**	**-**	**765**	**66**	**-**	**-**	**-**	**(23,515)**	**(22,684)**	**-**	**(22,684)**
Transfer to retained earnings		-	-	-	-	**765**	66	-	-	-	(23,515)	(22,684)	-	(22,684)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(60)**	**96,911**	**-**	**-**	**293,188**	**390,039**	**7,555**	**397,594**
Net profit		-	-	-	-	-	-	-	-	-	293,188	293,188	6,987	300,175
Other comprehensive income		-	-	-	-	-	(60)	96,911	-	-	-	96,851	568	97,419
Transactions with owners in their capacity as owners recognized in equity		**-**	**-**	**-**	**-**	**(382)**	**-**	**799**	**-**	**-**	**-**	**417**	**(1,339)**	**(922)**
Share Capital Increase		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/decrease arising from changes without resulting loss of control in shareholding ratios of subsidiaries		**-**	**-**	**-**	**-**	**(382)**	**-**	**799**	**-**	**-**	**-**	**417**	**(1,039)**	**(622)**
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	(382)	-	799	-	-	-	417	(1,039)	(622)
Transactions with non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300)**	**(300)**
Dividend paid to non-controlling interests by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(300)	(300)
At 31 December 2018		**450,000**	**85,986**	**(91,018)**	**4,945**	**(382)**	**(60)**	**167,178**	**-**	**-**	**683,522**	**1,300,171**	**26,982**	**1,327,153**
At 1 January 2019	*30*	**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		**-**	**-**	**-**	**-**	**-**	**(663)**	**41,628**	**-**	**-**	**163,789**	**204,754**	**3,042**	**207,796**
Net profit		-	-	-	-	-	-	-	-	-	163,789	**163,789**	**465**	**164,254**
Other comprehensive income		-	-	-	-	-	(663)	41,628	-	-	-	40,965	2,577	43,542
Transactions with owners in their capacity as owners recognized in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share Capital Increase		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
						-								
Increase/decrease arising from changes without resulting loss of control in						-						-	-	-
shareholding ratios of subsidiaries		-	-	-	-		-	-	-	-	-			
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
						-								
Transactions with non-controlling interests		**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend paid to non-controlling interests by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2019		**450,000**	**85,986**	**(91,018)**	**4,945**	**-**	**(663)**	**208,806**	**-**	**-**	**846,869**	**1,504,925**	**30,024**	**1,534,949**

The accompanying policies and explanatory notes on pages 6 through 86 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019
(Currency - *Thousands of Turkish Lira ("TL") unless otherwise stated*)

	Notes	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Cash flows from operating activities of continuing operations			
Marine sector income		116,549	104,258
Marine sector expenses		(62,670)	(46,411)
Interest received from financial sector activities		115,569	120,952
Interest paid for financial sector activities		(27,743)	(38,740)
Service income from financial sector activities		31,004	18,215
Cost of service for financial sector activities		(1,286)	(1,421)
Cash receipts from derivative contracts held for dealing or trading purposes		2	31,571
Cash payments for derivative contracts held for dealing or trading purposes		-	(11,871)
Cash payments to employees and other parties		(36,701)	(41,255)
Cash received from other operating activities		1,472	1,934
Cash paid for other operating activities		1,961	(249)
Interest received from operating activities apart from financial sector activities		1,425	(15,788)
Income taxes paid	27	(18,250)	(32,437)
Net cash provided by operating activities before changes in operating assets and liabilities from continuing operations		**121,332**	**88,758**
Net cash provided by operating activities before changes in operating assets and liabilities from discontinued operations		**-**	**-**
Changes in operating assets and liabilities of continuing operations			
Change in reserve deposits at Central Bank		2,493	7,272
Change in loans and advances to customers		(38,522)	(18,440)
Change in factoring receivables		(129,517)	235,544
Change in finance lease receivables		(276)	(685)
Change in other assets		(48,367)	(9,089)
Change in payables due to money market transactions		(18,513)	(42,241)
Change in borrowers' funds		(42,630)	31,748
Change in factoring payables		(240)	(382)
Change in liabilities arising from finance leases		(16)	(37)
Change in other liabilities		5,970	(133,529)
Net cash (used in) / provided by operating activities from continuing operations		**(148,286)**	**158,919**
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 financial assets at fair value through profit or loss/available for sale securities	6	56,614	75,637
Proceeds from sale of intangible assets	6	-	2
Purchases of financial assets at fair value through profit or loss	6	(22,701)	(119,974)
Proceeds from sale and redemption of financial assets at amortised cost	6	-	10,955
Purchases of financial assets at amortised cost	6	-	(13,317)
Proceeds from sale of property held for sale	11	2,860	79,216
Purchases of property held for sale	11	(2,948)	-
Proceeds from sale of property and equipment	13	96	22
Purchases of property and equipment	13	(20,913)	(37,538)
Purchases of intangible assets	14	(251)	(241)
Other cash receipts from/cash payments for investing activities	37	3,391	56,863
Net cash (used in) / provided by investing activities from continuing operations		**16,148**	**51,625**
Net cash (used in) / provided by investing activities from discontiued operations	**20**		
Cash flows from financing activities of continuing operations			
Cash paid for purchases of treasury shares	30	-	-
Cash paid for change in non-controlling interest reserve	30	-	(622)
Cash received from funds borrowed		276,245	124,351
Repayments of funds borrowed		(233,842)	(207,597)
Payments of lease liabilities		(6,911)	-
Dividends paid to non-controlling interests by subsidiaries	30	-	(300)
Interest paid for financing activities apart from financial sector activities		(23,929)	(19,939)
Other cash receipts from/cash payments for financing activities		(205)	(176)
Net cash (used in) / provided by financing activities from continuing operations		**11,358**	**(104,283)**
Net cash (used in) / provided by financing activities from discontinued operations		**-**	**-**
Continuing Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**10,257**	**23,580**
Net (decrease) / increase in cash and cash equivalents		**(110,523)**	**129,841**
Cash and cash equivalents at 1 January		**245,223**	**115,382**
Cash and cash equivalents at 31 December	**5**	**134,700**	**245,223**
Discontinued Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**-**	**-**
Effect of consolidation eliminations between continuing and discontinued operations on cash flows		**-**	**-**
Net (decrease) / increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at 1 January		**-**	**-**
Cash and cash equivalents at 31 December	**5**		

The accompanying policies and explanatory notes on pages 6 through 86 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 10 March 2020. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

As at 31 December 2019, average number of employees is 104 (31 December 2018: 104).

The shares of a consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ. are quoted on the Borsa Istanbul (Istanbul Stock Exchange) with public ownership of 15.50%.

As at 31 December 2019 and 31 December 2018, the composition of shareholders and their respective percentages of ownership can be summarized as follows:

			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**	

			31 December 2018			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
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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)

General (continued)

Nature of Activities of the Company and the Consolidated Group Companies

For the purposes of the consolidated 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 31 December 2019 and 31 December 2018 are as follows:

Subsidiaries	Country of Incorporation	BIST Code	Principal Activities	Effective Shareholding(%) 31 December 2019	Effective Shareholding(%) 31 December 2018
GSD Yatırım Bankası A.Ş. (**)	Turkey	-	Investment Banking	100.00	100.00
GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. ("GSD Marin") (*) (**)	Turkey	GSDDE	Maritime	83.41	83.41
GSD Faktoring A.Ş. (**)	Turkey	-	Factoring	89.66	89.66
Dodo Maritime Ltd. (*)	Malta	-	Maritime	100.00	100.00
Cano Maritime Ltd. (*)	Malta	-	Maritime	83.41	83.41
Hako Maritime Ltd. (*)	Malta	-	Maritime	83.41	83.41
Zeyno Maritime Ltd. (*)	Malta	-	Maritime	100.00	100.00
Neco Maritime Ltd. (*)	Malta	-	Maritime	100.00	100.00
GSD Shipping B.V. (*) (**)	Netherlands	-	Maritime	100.00	100.00
Mila Maritime Ltd. (*)	Malta	-	Maritime	100.00	100.00

(*) 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.

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

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

1. REPORTING ENTITY (continued)

Nature of Activities of the Company and the Consolidated Group Companies (continued)

Unconsolidated Subsidiaries

The subsidiaries which are not included in consolidation and the ownership percentages of the Group in those subsidiaries as at 31 December 2019 and 31 December 2018 are as follows:

Subsidiaries	Country of Incorporation	Principal Activities	Effective Shareholding and Voting Rights (%)	
			31 December 2019	31 December 2018
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

2.1 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.

2.2 Basis of Measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary period lasted by 1 January 2005, except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial assets at fair value through profit/loss. The methods used to measure fair value are further discussed in Note 40.

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 8 – Loans and advances to customers
Note 13 & 14 – Tangible and intangible assets
Note 21 – Funds borrowed
Note 25 – Provisions
Note 26 – Other liabilities
Note 27 – Taxation
Note 33 – Commitments and contingencies
Note 40 – Financial risk management

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The Company's consolidated financial statements as at 31 December 2019 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

The consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the consolidated financial statements is changed, in order to maintain consistency, the consolidated financial statements of the prior periods are also reclassified in line with the related changes with respective disclosures for the major differences.

(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 income statement, respectively.

3.1 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Classification of financial assets and liabilities (continued)

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 not designated 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 Grup 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.

All financial assets not classified as measured at amortised cost or 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Classification of financial assets and liabilities (continued)

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 generated through providing money, commodity and services to debtors. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate Method". Duty payments and other similar expenses related to the collateral of these assets are not accepted as part of the transaction cost and are recognised in the expense accounts. Bank's loans are recorded under the " Loans and advances to customers, net " account.

Evaluation of the Business Model Used by the Bank

The Bank 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

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, loans 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.

3.2 Accounting in Hyperinflationary Economies

Turkey was a hyperinflationary economy until 31 December 2005. 2005 was a monitoring year for the inflation in Turkey. Due to the decreasing trend in inflation rate and the sustained positive trends in qualitative factors such as the economic growth for the last three years, financial and economic stabilization, and the decreasing interest rates, Turkey is considered non-hyperinflationary economy under International Accounting Standard ("IAS") No 29 starting from 1 January 2006. Therefore, the application of IAS 29 was ceased in 2006.

3.3 Foreign Currency Translation

(i) 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)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign Currency Translation (continued)

(i) 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 equity instruments measured at fair value through other comprehensive income (FVOCI), 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)
31 December 2019	6.6506	5.9402
31 December 2018	6.0280	5.2609
31 December 2017	4.5155	3.7719
31 December 2016	3.7099	3.5192

(ii) Foreign operations

The asset and liability items in the statements of financial position of Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Mila Maritime Limited, GSD Shipping B.V., Zeyno Maritime Limited and Neco 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 at the average 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.

3.4 Tangible Assets

(i) Recognition and measurement

The cost of the tangible assets purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible Assets (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 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 2005 are restated for the effects of inflation in TL units current at 31 December 2005 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.

3.6 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.

3.7 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of Non-Financial Assets (continued)

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.

3.8 Leases

i) 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.

ii) 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.

3.9 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Income Taxes (continued)

ii) Deferred tax

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.

3.10 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 IAS 39 “Financial Instruments: Recognition and Measurement”, 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.

3.11 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.

3.12 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.

3.13 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 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.

3.15 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.

3.16 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*".

The principal actuarial assumptions used at 31 December 2019 and 31 December 2018 are as follows;

	2019	2018
	%	%
Discount rate	11.56	18.88
Expected rate of salary/limit increase	7.00	9.50

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Employee Benefits (continued)

i) Defined benefit plans (continued)

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 2019 is full TL 6,018 (31 December 2018: full TL 5,002). 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.

3.17 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 and financial assets– measured at amortised cost.

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 financing component.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 income is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted

The Group applied all of the relevant and required standards promulgated by the IASB and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) as of 31 December 2019.

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Group has not early adopted. These are as follows:

The revised Conceptual Framework (version 2018)

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Conceptual Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to IAS 1 and IAS 8 - Definition of Material

In June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 8). In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amended “definition of material “was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Group does not expect significant impact on its consolidated financial statements resulting from the application of the amendments to TAS 1 and TAS 8.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards issued but not yet effective and not early adopted (continued)

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. In May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendments confirmed that a business shall include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The Group does not expect that application of these amendments to TFRS 3 will have significant impact on its consolidated financial statements.

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019 by IASB and thereon POA issued on 14 December 2019 added Section 6.8 and amended paragraph 7.2.26 of TFRS 9. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

• pre-replacement issues—issues affecting financial reporting in the period before the reform; and

• replacement issues—issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:

(a) The highly probable requirement;

(b) Prospective assessments;

(c) IAS 39 retrospective assessment; and

(d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Changes in Accounting Policies, Estimates and Errors

The accounting policies used in the preparation of these interim financial statements, except for the disclosures below, same as the accounting policies adopted in the latest annual financial statements.

The Group has started to apply IFRS 16 Leases standard ("IFRS 16") starting from 1 January 2019. In addition, from 1 January 2019, several other standard amendments have entered into force. However, these amendments have no material impact on the financial statements of the Group.

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.

The Group has selected the preferred facilitated transition method for the application of IFRS 16 Leases Standard. Comparative information presented under IAS 17 and related interpretations for 2018 has not been restated. Details of changes in accounting policies are explained below.

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.

On transition to IFRS 16, the Group elected to apply it as it used to be defined as a lease by using the practical expedient to the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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.

i. Significant accounting policies

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Changes in Accounting Policies, Estimates and Errors (continued)

b) As a Lessee (continued)

i. Significant accounting policies (continued)

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.

ii. Transition

Previously, the Group has classified its real estates as operating leases in accordance with IAS 17. These include work place and land vehicles.

For leases classified as operational leases within IAS 17 during the transition period, the lease obligation is measured at the present value of the remaining lease payments discounted using the alternative borrowing interest rate on the lessee's initial implementation date.The right to use assets are measured on a per-lease basis with one of the following:

– Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application or

– An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments the Group applied this approach to all other leases.

The Group has applied the following facilitative applications when applying IFRS 16 for leases previously classified as operating leases under IAS 17.

– Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

– Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

c) As a lessor

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

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group has distributed a lease component and one or more additional lease components or non-lease components by applying IFRS 15 "Revenue from Customer Contracts".

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Changes in Accounting Policies, Estimates and Errors (continued)

d) Impact on financial statement

Impacts on transition

The Group has started to apply IFRS 16 Leases standard ("IFRS 16") with used the practical expedients at 1 January 2019.

As at 1 January 2019, the Group recognises to the consolidated financial statements the right of use asset on an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments for the leases previously classified as operating leases under IAS 17. Transition to IFRS 16 has no effect on the retained earnings of the Group as at 1 January 2019 due to the preferred practical expedients method of the application of IFRS 16.

Operating lease payables are measured at the present value of the remaining lease payments and as of 1 January 2019, the lessee has been discounted using an alternative borrowing rate.

	1 January 2019
Right of use assets	11,004
Lease liabilities	11,004

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its alternative borrowing rate at 1 January 2019. The weighted average rate applied is 25% for TL transactions, 4%-8% for USD transactions and 4% for EUR transactions.

	1 January 2019
As at 31 December 2018 operational lease liability	11,128
Discounted using the alternative borrowing interest rate on 1 January 2019	11,004
Exemptions for short-term leases	(124)
As at 1 January 2019 lease liabilities	11,004

Impacts for the period

As at 31 December 2019, the right of use assets of the Group amounted to TL 8,528, while the lease liabilities amounted to TL 9,323.

In relation to those leases under IFRS 16, the Group recognised depreciation and interest costs, instead of operating lease expense. For the year ended 31 December 2019, the Company recognised TL 5,367 of depreciation charges and TL 2,306 of interest costs from these leases.

3.26 Comparative information and restatement of prior periods' financial statements

The Company's consolidated financial statements as at 31 December 2019 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2018.

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

4. 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, and Malta and Netherlands International.

Consolidated Income Statement (01.01.2019-31.12.2019)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (**)**	**Inter-country eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	118,680	-	22,785	(24,916)	116,549	25,968	116,549	(25,968)	116,549
Cost of sales (-)	-	(97,640)	-	(761)	761	(97,640)	(1,143)	(97,640)	1,143	(97,640)
Gross profit/(loss) from financial activities	**-**	**21,040**	**-**	**22,024**	**(24,155)**	**18,909**	**24,825**	**18,909**	**(24,825)**	**18,909**
Revenue from finance activities	**94,837**	**10**	**89,341**	**-**	**(5,629)**	**178,559**	**184,188**	**-**	**(5,629)**	**178,559**
Fee, commission and other service income	30,558	-	453	-	(7)	31,004	31,011	-	(7)	31,004
Foreign exchange income	1,967	2	25,871	-	(2,849)	24,991	27,840	-	(2,849)	24,991
Interest income	59,522	-	62,236	-	(1,839)	119,919	121,758	-	(1,839)	119,919
Income from derivative financial instruments	2	-	-	-	-	2	2	-	-	2
Other financial sector operations income, net	2,788	8	781	-	(934)	2,643	3,577	-	(934)	2,643
Cost of finance activities (-)	**(6,744)**	**(292)**	**(57,160)**	**-**	**4,323**	**(59,873)**	**(64,196)**	**-**	**4,323**	**(59,873)**
Fee, commission and other service expense	(753)	-	(540)	-	7	(1,286)	(1,293)	-	7	(1,286)
Foreign exchange expense	(1,255)	-	(25,723)	-	2,132	(24,846)	(26,978)	-	2,132	(24,846)
Interest expense	(2,049)	-	(30,171)	-	2,184	(30,036)	(32,220)	-	2,184	(30,036)
Loss from derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other financial sector operations expense net	(2,687)	(292)	(726)	-	-	(3,705)	(3,705)	-	-	(3,705)
Gross profit/(loss) from financial sector operations	**88,093**	**(282)**	**32,181**	**-**	**(1,306)**	**118,686**	**119,992**	**-**	**(1,306)**	**118,686**
GROSS PROFIT/(LOSS)	**88,093**	**20,758**	**32,181**	**22,024**	**(25,461)**	**137,595**	**144,817**	**18,909**	**(26,131)**	**137,595**
General administrative expenses (-)	(14,850)	(8,649)	(12,687)	(11,662)	3,086	(44,762)	(45,336)	(3,608)	4,182	(44,762)
Other income from operating activities	87	8,921	191	20,831	(2,672)	27,358	29,508	522	(2,672)	27,358
Other expense from operating activities (-)	-	(2,753)	-	(7,546)	2,849	(7,450)	(10,299)	-	2,849	(7,450)
OPERATING PROFIT/(LOSS)	**73,330**	**18,277**	**19,685**	**23,647**	**(22,198)**	**112,741**	**118,690**	**15,823**	**(21,772)**	**112,741**
Income from investment activities	152	1,607	-	108,880	(495)	110,144	113,591	1,112	(4,559)	110,144
Expense from investment activities (-)	-	-	-	(22)	-	(22)	(22)	-	-	(22)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**73,482**	**19,884**	**19,685**	**132,505**	**(22,693)**	**222,863**	**232,259**	**16,935**	**(26,331)**	**222,863**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(414)	(25,859)	(618)	(1,222)	195	(27,918)	(9,121)	(23,056)	4,259	(27,918)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**73,068**	**(5,975)**	**19,067**	**131,283**	**(22,498)**	**194,945**	**223,138**	**(6,121)**	**(22,072)**	**194,945**
Tax income/(expense) from continuing operations	**(16,071)**	**(7)**	**(4,554)**	**(10,059)**	**-**	**(30,691)**	**(30,691)**	**-**	**-**	**(30,691)**
Current tax income/(expense)	(16,639)	669	(4,600)	(4,957)	-	(25,527)	(25,527)	-	-	(25,527)
Deferred tax income/(expense)	568	(676)	46	(5,102)	-	(5,164)	(5,164)	-	-	(5,164)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**56,997**	**(5,982)**	**14,513**	**121,224**	**(22,498)**	**164,254**	**192,447**	**(6,121)**	**(22,072)**	**164,254**

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

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2019-31.12.2019)

Country of Operation	Turkey	Turkey&Malta&Netherlands International	Turkey	Turkey			Segment Information Combined by Countries			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (**)**	**Inter-country eliminations**	**Group**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**56,997**	**(5,982)**	**14,513**	**121,224**	**(22,498)**	**164,254**	**192,447**	**(6,121)**	**(22,072)**	**164,254**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(1,035)**	**1,500**	**-**	**-**	**465**	**465**	**-**	**-**	**465**
Equity holders of the company	**56,997**	**(4,947)**	**13,013**	**121,224**	**(22,498)**	**163,789**	**191,982**	**(6,121)**	**(22,072)**	**163,789**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**(255)**	**(71)**	**(182)**	**(186)**	**-**	**(694)**	**(694)**	**-**	**-**	**(694)**
Defined benefit plans re-measurement gains / losses	(255)	(71)	(182)	(186)	-	(694)	(694)	-	-	(694)
Which will be classified in profit or loss	**-**	**44,236**	**-**	**-**	**-**	**44,236**	**15,319**	**28,917**	**-**	**44,236**
Change in currency translation differences	-	44,236	-	-	-	44,236	15,319	28,917	-	44,236
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**(255)**	**44,165**	**(182)**	**(186)**	**-**	**43,542**	**14,625**	**28,917**	**-**	**43,542**
TOTAL COMPREHENSIVE INCOME	**56,742**	**38,183**	**14,331**	**121,038**	**(22,498)**	**207,796**	**207,072**	**22,796**	**(22,072)**	**207,796**
Total comprehensive income attributable to:										
Non-controlling interest	**-**	**1,561**	**1,481**	**-**	**-**	**3,042**	**3,042**	**-**	**-**	**3,042**
Equity holders of the company	**56,742**	**36,622**	**12,850**	**121,038**	**(22,498)**	**204,754**	**204,030**	**22,796**	**(22,072)**	**204,754**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (31 December 2019)										
TOTAL ASSETS	**328,290**	**731,908**	**239,996**	**863,975**	**(52,932)**	**2,111,237**	**1,539,341**	**725,498**	**(153,602)**	**2,111,237**
TOTAL LIABILITIES	**70,629**	**346,337**	**172,710**	**34,626**	**(48,014)**	**576,288**	**315,735**	**409,237**	**(148,684)**	**576,288**
Other segment information (continued and discontinued operations)										
(Advances given)/Transfer of advances given for capital expenditures	-	-	-	-	-	-	-	-	-	-
Capital (Fixed Asset) expenditures	570	19,501	451	642	-	21,164	1,906	19,258	-	21,164
Depreciation expense	(130)	(35,092)	(82)	(815)	-	(36,119)	(1,149)	(34,970)	-	(36,119)
Amortization expense	(49)	(95)	(11)	(3)	-	(158)	(158)	-	-	(158)
Impairment (losses)/reversal income recognized in income statement	(1,544)	(291)	(290)	-	-	(2,125)	(2,125)	-	-	(2,125)

(*) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V.

(**) 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. SEGMENT INFORMATION (continued)

Consolidated Income Statement (01.01.2018-31.12.2018)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (***)**	**Inter-country eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	104,963	-	3,275	(3,980)	104,258	5,805	104,258	(5,805)	104,258
Cost of sales (-)	-	(74,995)	-	(617)	617	(74,995)	(1,144)	(74,995)	1,144	(74,995)
Gross profit/(loss) from financial activities	**-**	**29,968**	**-**	**2,658**	**(3,363)**	**29,263**	**4,661**	**29,263**	**(4,661)**	**29,263**
Revenue from finance activities	**114,787**	**1,570**	**104,010**	**-**	**(13,618)**	**206,749**	**218,855**	**1,512**	**(13,618)**	**206,749**
Fee, commission and other service income	17,901	-	320	-	(6)	18,215	18,221	-	(6)	18,215
Foreign exchange inceome	4,018	2	42,696	-	(9,890)	36,826	46,716	-	(9,890)	36,826
Interest income	58,880	1,564	60,308	-	(3,065)	117,687	119,240	1,512	(3,065)	117,687
Income from derivative financial instruments	31,571	-	-	-	-	31,571	31,571	-	-	31,571
Other financial sector operations income, net	2,417	4	686	-	(657)	2,450	3,107	-	(657)	2,450
Cost of finance activities (-)	**(49,661)**	**(708)**	**(79,255)**	**-**	**29,123**	**(100,501)**	**(129,600)**	**(24)**	**29,123**	**(100,501)**
Fee, commission and other service expense	(697)	-	(730)	-	6	(1,421)	(1,427)	-	6	(1,421)
Foreign exchange expense	(30,577)	(24)	(42,695)	-	25,612	(47,684)	(73,272)	(24)	25,612	(47,684)
Interest expense	(7,557)	-	(33,205)	-	3,515	(37,247)	(40,762)	-	3,515	(37,247)
Loss from derivative financial instruments	(10,302)	-	-	-	-	(10,302)	(10,302)	-	-	(10,302)
Other financial sector operations expense net	(528)	(684)	(2,625)	-	(10)	(3,847)	(3,837)	-	(10)	(3,847)
Gross profit/(loss) from financial sector operations	**65,126**	**862**	**24,755**	**-**	**15,505**	**106,248**	**89,255**	**1,488**	**15,505**	**106,248**
GROSS PROFIT/(LOSS)	**65,126**	**30,830**	**24,755**	**2,658**	**12,142**	**135,511**	**93,916**	**30,751**	**10,844**	**135,511**
General administrative expenses (-)	(14,626)	(7,238)	(10,870)	(10,849)	1,380	(42,203)	(41,356)	(4,052)	3,205	(42,203)
Other income from operating activities	100	11,062	143	71,546	(27,489)	55,362	82,851	(45)	(27,444)	55,362
Other expense from operating activities (-)	-	(4,742)	-	(22,114)	533	(26,323)	(26,856)	-	533	(26,323)
OPERATING PROFIT/(LOSS)	**50,600**	**29,912**	**14,028**	**41,241**	**(13,434)**	**122,347**	**108,555**	**26,654**	**(12,862)**	**122,347**
Income from investment activities	25,728	65,035	-	242,731	(64,838)	268,656	337,989	193	(69,526)	268,656
Expense from investment activities (-)	-	-	-	(2)	-	(2)	(2)	-	-	(2)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**76,328**	**94,947**	**14,028**	**283,970**	**(78,272)**	**391,001**	**446,542**	**26,847**	**(82,388)**	**391,001**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(24)	(51,314)	(38)	(43)	10,810	(40,609)	(66,789)	10,682	15,498	(40,609)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**76,304**	**43,633**	**13,990**	**283,927**	**(67,462)**	**350,392**	**379,753**	**37,529**	**(66,890)**	**350,392**
Tax income/(expense) from continuing operations	**(14,026)**	**(1,930)**	**(3,330)**	**(30,931)**	**-**	**(50,217)**	**(50,043)**	**(174)**	**-**	**(50,217)**
Current tax income/(expense)	(13,767)	937	(3,362)	(16,675)	-	(32,867)	(32,693)	(174)	-	(32,867)
Deferred tax income/(expense)	(259)	(2,867)	32	(14,256)	-	(17,350)	(17,350)	-	-	(17,350)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**62,278**	**41,703**	**10,660**	**252,996**	**(67,462)**	**300,175**	**329,710**	**37,355**	**(66,890)**	**300,175**

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

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2018-31.12.2018)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (***)**	**Inter-country eliminations**	**Group**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET PROFIT/(LOSS)	**62,278**	**41,703**	**10,660**	**252,996**	**(67,462)**	**300,175**	**329,710**	**37,355**	**(66,890)**	**300,175**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**5,886**	**1,101**	**-**	**-**	**6,987**	**6,987**	**-**	**-**	**6,987**
Equity holders of the company	**62,278**	**35,817**	**9,559**	**252,996**	**(67,462)**	**293,188**	**322,723**	**37,355**	**(66,890)**	**293,188**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**(30)**	**(7)**	**(13)**	**(12)**	**-**	**(62)**	**(62)**	**-**	**-**	**(62)**
Defined benefit plans re-measurement gains / losses	(30)	(7)	(13)	(12)	-	(62)	(62)	-	-	(62)
Which will be classified in profit or loss	**-**	**37,085**	**-**	**-**	**60,396**	**97,481**	**2,003**	**35,082**	**60,396**	**97,481**
Change in currency translation differences	-	37,085	-	-	60,396	97,481	2,003	35,082	60,396	97,481
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**(30)**	**37,078**	**(13)**	**(12)**	**60,396**	**97,419**	**1,941**	**35,082**	**60,396**	**97,419**
TOTAL COMPREHENSIVE INCOME	**62,248**	**78,781**	**10,647**	**252,984**	**(7,066)**	**397,594**	**331,651**	**72,437**	**(6,494)**	**397,594**
Total comprehensive income attributable to:										
Non-controlling interest	**-**	**6,454**	**1,101**	**-**	**-**	**7,555**	**7,555**	**-**	**-**	**7,555**
Equity holders of the company	**62,248**	**72,327**	**9,546**	**252,984**	**(7,066)**	**390,039**	**324,096**	**72,437**	**(6,494)**	**390,039**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (31 December 2018)										
TOTAL ASSETS	**298,128**	**752,383**	**107,268**	**814,036**	**(65,351)**	**1,906,464**	**1,095,871**	**933,850**	**(123,257)**	**1,906,464**
TOTAL LIABILITIES	**97,209**	**405,061**	**54,314**	**23,820**	**(1,093)**	**579,311**	**49,574**	**588,736**	**(58,999)**	**579,311**
Other segment information (continued and discontinued operations)										
(Advances given)/Transfer of advances given for capital expenditures	-	-	-	-	-	-	-	-	-	-
Capital expenditures (****)	264	282,939	122	361	-	283,686	949	282,737	-	283,686
Depreciation expense	(59)	(27,801)	(44)	(852)	-	(28,756)	(1,070)	(27,686)	-	(28,756)
Amortization expense	(73)	(5)	(8)	(7)	-	(93)	(93)	-	-	(93)
Impairment (losses)/reversal income recognized in income statement	(248)	(680)	(2,146)	-	-	(3,074)	(3,074)	-	-	(3,074)

(*) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V.

(**) 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.

(***) 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.

(****) The cost of the ships purchased by GSD Shipping B.V. from GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. are presented in the addition disposal line of the Note 13 Tangible Assets.

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

	31 December 2019	31 December 2018
Cash and balances with the Central Bank	715	5,441
Deposits with other banks and financial institutions	135,578	236,459
Receivables from money market transactions	-	5,003
Reserve deposits at the central bank	55	2,594
Cash and cash equivalents in the statement of financial position	**136,348**	**249,497**

Cash and cash equivalents in the statement of cash flows:

	31 December 2019	31 December 2018
Cash on hand and Balances with the Central Bank	715	5,441
Deposits with other banks and financial institutions	135,578	236,459
Receivables from money market transactions	-	5,003
Reserve deposits at the central bank	55	2,594
Cash and cash equivalents in the statement of financial position	**136,348**	**249,497**
Less: Reserve deposits at the central bank	(55)	(2,594)
Less: Income accruals	(107)	(364)
Less: Blocked amount (*)	(1,486)	(1,316)
Cash and cash equivalents in the statement of cash flows	**134,700**	**245,223**

(*) It consists of blocked amount related to bank loan used for ship purchase financing of Hako Maritime Limited.

Cash and cash equivalents in the statement of cash flows include those parts of the items classified as "Cash and balances with the Central Bank", "Deposits with other banks and financial institutions", and "Other money market placements" in the statement of financial position which have original maturities of less than 3 months.

As at 31 December 2019 and 31 December 2018, the amounts and interest range of deposits and placements are as follows:

	31 December 2019				31 December 2018			
	Amount		Effective Interest rate (%)		Amount		Effective Interest rate (%)	
	TL	FC	TL	FC	TL	FC	TL	FC
Cash on hand	4	-	-	-	2	-	-	-
Balances with the Central Bank	528	183	-	-	201	5,238	-	-
Deposits with other banks and financial institutions	36,032	99,546	9.40-11.00	0.85-2.40	2,107	234,352	20.00-22.50	0,40-5,15
Receivables from interbank money market	-	-	-	-	5,003	-	24.75-24.75	-
Reserve deposits	-	55	-	-	6	2,588	-	-
Cash and cash equivalents	**36,564**	**99,784**			**7,319**	**242,178**		

Main balances in deposits with other banks and financial institutions are demand or overnight deposits. The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

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

5. CASH AND CASH EQUIVALENTS (continued)

Reserves required to be deposited with the Central Bank

Reserve deposits represent the minimum cash reserve maintained with the Central Bank of Turkey (the "Central Bank"), as required by the Turkish Banking Law, calculated on the basis of the domestic liabilities after deducting certain liabilities taken at the rates determined by the Central Bank.

The banks operating in Turkey, in accordance with the regulations of the Central Bank of Turkey regarding the reserves required to be deposited with the Central Bank by banks, are required to maintain deposits with the Central Bank in Turkish Liras (or in USD Dollars and/or EURO with a maximum of 30%, or standard gold with a maximum of 20% in blocked accounts to be multiplied by the factors indicated in the related Communique) for liabilities in Turkish Lira; and in USD Dollars and/or EURO (or standard gold with a maximum of 0% in blocked accounts) for liabilities in foreign currencies except those in precious metal deposit accounts, USD Dollars being obligatory for USD Dollar-denominated liabilities; and in USD Dollars and/or EURO (or standard gold in blocked accounts) for liabilities in foreign currencies in precious metal deposit accounts, for the period of 14 days beginning on Fridays two weeks after the relevant calculation made once every two weeks applying the ratios stated below to the domestic liabilities with the exception of certain liabilities. The banks are allowed to maintain the required reserve deposits with the Central Bank as an average for all liabilities in Turkish Lira and for the part of 3% for liabilities in foreign currencies during the two weeks period. The required reserve deposits maintained with the Central Bank as an average is classified as "Balances with the Central Bank" in the consolidated statement of financial position of the Group. The Central Bank of the Republic of Turkey started to pay interest on the required reserves held in Turkish Liras and Foreign Currency in order of November 2014 and May 2015, respectively.

As at 31 December 2019, the valid rates for required reserves established in the CBRT are between 1% and 7% according to the maturity structure in Turkish currency (31 December 2018: between 1.5% and 8%); in foreign currency, it is between 5% and 21% according to the maturity structure (31 December 2018: between 4% and 20%). According to the relevant Communique, required reserve has been started to reserve for borrower funds as 7% in TL, as 19% in foreign currency.

Required reserve interest rate is applied to 10% for banks with real credit growth that meet the specified conditions determined by the CBRT Communique on Required Reserves No. 2019/19, for other banks %0 Turkish Liras. As at 19 September 2019 there is no interest paid on required reserves held by the CBRT in USD.

Required reserves based on the banks' leverage ratio

The banks whose leverage ratios calculated in accordance with the procedures and principles determined by the Central Bank of the Republic of Turkey based on the accounting standards and the uniform chart of accounts applied by the banks are in the below mentioned ranges are required to maintain reserves with the Central Bank in addition to those mentioned above, to be determined according to the basic arithmetic average of the monthly leverage ratios for the quarterly calculation periods and to be implemented for the liabilities in Turkish Lira and foreign currencies subject to the reserve requirement in all maturities separately, during the 6 required reserve periods starting from the first required reserve period of the 4th calendar month following the calculation period. The leverage ratio is calculated by dividing the primary equity by the total of total liabilities, non-cash loans and liabilities, revocable commitments multiplied with a coefficient of 0.1, commitments arising from derivative financial instruments multiplied with their own loan conversion ratios and irrevocable commitments.

	Leverage ratio ranges (%)				
	Below 3	**3.0-3.25**	**3.25-3.5**	**3.5-4.0**	**4.0-5.0**
Calculation period of required reserve based on leverage ratio	**Required reserve ratios based on leverage ratio (%)**				
4th quarter of 2013 and 1st, 2nd, 3rd quarters of 2014	2.0	1.5	1.0	0.0	0.0
4th quarter of 2014 and 1st, 2nd, 3rd quarters of 2015	2.0	1.5	1.5	1.0	0.0
4th quarter of 2015 and subsequent periods	2.0	1.5	1.5	1.5	1.0

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

6. MARKETABLE SECURITIES

a) Financial assets at fair value through profit/loss

	31 December 2019	31 December 2018
Debt instruments		
Bonds	38,106	42,987
Other		
Common stocks	766,318	678,858
Toplam	**804,424**	**721,845**

			GSD Holding A.Ş's Shareholding		
31 December 2019 **Financial assets– 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**				

			GSD Holding A.Ş's Shareholding		
31 December 2018 **Financial assets– fair value through profit/loss**	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	677,341	202,050	15.00	0.00	15.00
Borsa İstanbul A.Ş.	1,517	423,234	-	0.04	0.04
Total	**678,858**				

The movement in financial assets at fair value through profit/loss are summarized as follows:

	31 December 2019	31 December 2018
1 January 2018 IFRS 9 classification	**721,845**	**499,976**
Opening balance	721,845	499,976
IFRS 9 adjustment (*)	-	1,181
Additions	22,701	118,793
Disposals (sales and redemptions)	(34,705)	(75,637)
Interest received due to redemptions	(19,998)	(36,879)
Foreign exchange difference	90,923	185,747
Gain / (loss)	23,658	28,664
Closing balance at the end of period	**804,424**	**721,845**

(*) The Group has initially applied IFRS 9 at 1 January 2018 under the transition method chosen, reclassification effect of the IFRS 9 adjustment is amounting to TL 1,181.

b) Held to maturity securities

As at 31 December 2019 and 31 December 2018, the Group has no held to maturity investment security.

c) Marketable securities given as a guarantee

As at 31 December 2019 and 31 December 2018, there is no marketable securities given as a guarantee.

7. UNQUOTED EQUITY INSTRUMENTS

The unconsolidated subsidiaries and other unquoted equity instruments which are classified in the "unquoted equity instruments" caption in the consolidated financial statements as at 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
GSD Eğitim Vakfı	377	377
Total	**377**	**377**

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

8. LOANS AND ADVANCES TO CUSTOMERS

	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	-	-	-	-
Expected credit loss (*)	(252)	(213)	-	-	-	-
Total, net	**232,651**	**16,674**	**-**			

(*) The expected credit loss in the current period are presented in other provisions.

	31 December 2018					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	206,858	3,586	-	12.48-43.25	8.50	-
Total	**206,858**	**3,586**	**-**			
Non-performing loans	3,918	-	-	-	-	-
Expected credit loss (*)	(4,010)	-	-	-	-	-
Total, net	**206,766**	**3,586**				

(*) The provisions for non-cash loans in the current period are presented in other provisions.

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

Movements in the provision for expected credit loss:

	Continuing Operations	
	31 December 2019	31 December 2018
Provision at the beginning of the year	**4,010**	**5,561**
IFRS 9 opening adjustment	**-**	**(256)**
Recoveries	(1,059)	(198)
Provision for impairment	2,603	445
Provision net of recoveries	**1,544**	**247**
Loans written off during the period	(2,850)	-
Transfer from continuing operations to discontinued operations	-	-
Classification of general provisions	(2,239)	(1,542)
Provision at the end of the period	**465**	**4,010**

As at 31 December 2019 and 31 December 2018, all of the loans and advances to customers have fixed interest rates.

The Group does not recognize interest accrual on non-performing loans. As at 31 December 2019, the amount of unrecognised interest accrual on non-performing loans is TL 4,195 (31 December 2018: TL 3,918).

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

9. FINANCE LEASE RECEIVABLES, NET AND LIABILITIES ARISING FROM FINANCE LEASES

Finance lease receivables, net

	31 December 2019	31 December 2018
Invoiced lease receivables	16	30
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Doubtful finance lease receivables	4,113	3,822
Finance lease receivables, gross	**4,129**	**3,852**
Less: Unearned interest income	(5)	(4)
Less: Provision for doubtful finance lease receivables	(4,113)	(3,822)
Finance lease receivables, net	**11**	**26**

The aging of net finance lease receivables is as follows:

	31 December 2019	31 December 2018
Not later than 1 year	11	26
Later than 1 year but not later than 5 years	-	-
Finance lease receivables, net	**11**	**26**

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

	31 December 2019	31 December 2018
Provision at the beginning of year	**3,822**	**3,142**
Provision for doubtful lease receivables	292	684
Recoveries	(1)	(4)
Provision net of recoveries	**291**	**680**
Finance lease receivables written off during the period	**-**	**-**
Provision at the end of period	**4,113**	**3,822**

Liabilities arising from finance leases

	31 December 2019	31 December 2018
Advances taken due to finance leases	41	57
Total	**41**	**57**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

Lease liabilities

	31 December 2019		31 December 2018	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short Term	**3**	**-**	**-**	**-**
Fixed interest	3	-	-	-
Floating interest	-	-	-	-
Medium/Long Term	**9,043**	**277**	**-**	**-**
Fixed interest	9,043	277	-	-
Floating interest	-	-	-	-
Total	**9,046**	**277**	**-**	**-**

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

10. FACTORING RECEIVABLES AND PAYABLES

	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**			

	31 December 2018					
	Amount			Effective interest rate (%)		
	Turkish Lira	Foreign Currency Indexed	Foreign Currency	Turkish Lira	Foreign Currency Indexed	Foreign Currency
Factoring receivables	105,344	-	288	19.91-60.00	-	12.51
Doubtful factoring receivables	5,486	-	-	-	-	-
Total factoring receivables	**110,830**	**-**	**288**			
Less: Provision for doubtful factoring receivables	(5,358)	-	-	-	-	-
Factoring receivables, net	**105,472**	**-**	**288**			
Factoring payables	**1,365**	**-**	**65**			

Movement in the provision for doubtful factoring receivables:

	31 December 2019	31 December 2018
Provision at the beginning of year	**5,358**	**3,211**
Recoveries	(368)	(446)
Provision for doubtful factoring receivables	658	2,593
Provision net of recoveries	**290**	**2,147**
Factoring receivables written off during the period	**-**	-
Provision at the end of period	**5,648**	**5,358**

The analysis related to the Group’s exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

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

11. ASSETS HELD FOR SALE

	31 December 2019	31 December 2018
Assets held for sale from continuing operations	312	76
Total	**312**	**76**

Assets held for sale from continuing operations:

	31 December 2019	31 December 2018
Cost	312	76
Total	**312**	**76**

Assets with the criteria of classification as assets held for sale; as measured by the lower of the book values and of fair value less cost for sale.

Continuing Operations	31 December 2019	31 December 2018
Opening balance at 1 January	**76**	**53,626**
Additions	2,948	-
Disposals (*)(**)	(2,712)	(53,550)
Closing balance at the end of period	**312**	**76**

(*) The Bank purchased 5 mortgaged immovable from execution for debt 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 gain from property sales.

(**) In 2018, the property held by GSD Bank A.Ş., acquired from execution for debt in assets held for sale amounting to TL 53,550 has been sold at an amount of TL 79,216 on 26 March 2018. The cost of property, TL 53,550, has been deducted from sale price and remaining TL 25,666 has been recognized as gain from property sales.

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

As at 31 December 2019, the Group has no discontinued operations.

12. BORROWING COSTS

As at 31 December 2019 there is no borrowing costs (31 December 2018: TL 789).

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

13. TANGIBLE ASSETS

Continuing Operations	**Land and Buildings**	**Office and Vehicle Equipment**	**Leasehold Improvements**	**Ships**	**Dry Docking(**)**	**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(*)	-	(3,911)	(1,390)	(175,725)	(5,287)	(747)	**(187,060)**
Net carrying amount at 31.12.2019	**2**	**2,353**	**769**	**624,134**	**19,139**	**560**	**646,957**

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
(**) 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 (***)**	**Motor Vehicles**	**Tangible Assets Under Construction (**)**	**Total**
At 1 January 2018, net of accumulated depreciation and impairment	**2**	**1,841**	**994**	**344,039**	**1,547**	**800**	**20,983**	**370,206**
Additions	-	310	157	28,700	8,130	241	-	**37,538**
Disposals, net	-	(2)	-	-	-	(20)	-	**(22)**
Foreign currency translation differences	-	-	-	20,983	-	-	(20,983)	-
Depreciation charge for the period	-	-	-	207,140	218	-	-	**207,358**
	-	(492)	(319)	(26,108)	(1,578)	(259)	-	**(28,756)**
At 31 December 2018, net of accumulated depreciation and impairment	**2**	**1,657**	**832**	**574,754**	**8,317**	**762**	**-**	**586,324**
At 31 December 2018								
Cost	**2**	**6,356**	**1,887**	**333,071**	**9,869**	**1,284**	**-**	**352,469**
Foreign currency translation differences	-	-	-	369,310	160	-	-	**369,470**
Accumulated depreciation(*)	-	(4,699)	(1,055)	(127,627)	(1,712)	(522)	-	**(135,615)**
Net carrying amount at 31.12.2018	**2**	**1,657**	**832**	**574,754**	**8,317**	**762**	**-**	**586,324**

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
(**) Amount consists of advances given by GSD Shipping B.V. for the purchase of the 63,000 DWT type bulk dry cargo vessel constructed on behalf of Mila Maritime Ltd.
(***) 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)

13. TANGIBLE ASSETS (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, owned by the Group's subsidiaries its six maritime affiliates, into account as cash generating units as basis as at 31 December 2019 in accordance with IAS 36 and has not made a provision for impairment as at 31 December 2019 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 is 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 Group 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.

13.1 RIGHT OF USE ASSETS

The Group, has capitalized right of use asset the amount of 8,528 TL during the period. As at 31 December 2019 the balance of right of use asset and depreciation expenses are as follow:

	Buildings	**Motor Vehicle**	**Total**
1 January 2019, net book value	**9,098**	**1,906**	**11,004**
Addition	872	2,019	2,891
Disposal	-	-	-
Foreign currency differences	-	-	-
Current period depreciation expense	(4,134)	(1,233)	(5,367)
31 December 2019, net book value	**5,836**	**2,692**	**8,528**
1 January 2019			
Cost	**9,970**	**3,925**	**13,895**
Foreign currency differences	-	-	**-**
Accumulated depreciation	(4,134)	(1,233)	(5,367)
31 December 2019, net book value	**5,836**	**2,692**	**8,528**

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

14. INTANGIBLE ASSETS

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)
Net carrying amount	**500**

Continuing Operations	**Patents and Licenses**
At 1 January 2018 net of accumulated amortization	**261**
Additions	241
Disposals, net	(2)
Amortization charge for the period	(93)
At 31 December 2018 net of accumulated amortization	**407**
At 31 December 2018	
Cost	2,652
Accumulated amortization	(2,245)
Net carrying amount	**407**

15. TRADE RECEIVABLES, NET

	31 December 2019	**31 December 2018**
Customers	10	7
Trade receivables from maritime activities	11,372	6,303
Doubtful export goods receivables	1,981	1,981
Less: Provision for doubtful trade receivables	(1,981)	(1,981)
Total, net	**11,382**	**6,310**

Movement in the provision for doubtful trade receivables:

	31 December 2019	**31 December 2018**
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**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

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

16. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 December 2019	31 December 2018
Transitory receivables (*)	6,481	12,583
Deposits and guarantees given	42	33
Other	416	195
Total	**6,939**	**12,811**

(*) The credit balance counterpart of "Transitory receivables in Other Receivables" TL 6,481 is "Transfer orders in Other Payables".

Collaterals given in other receivables

	31 December 2019	31 December 2018
Other collaterals given	42	33
Total	**42**	**33**

Other Payables

	31 December 2019	31 December 2018
Transfer orders	6,892	12,792
Taxes and funds payable other than on income	1,680	1,577
Other	503	463
Total	**9,075**	**14,832**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

17. INVENTORIES

	31 December 2019	31 December 2018
Ship oil	1,584	1,786
Ship fuel	1,450	1,978
Total	**3,034**	**3,764**

18. PREPAID EXPENSES

	31 December 2019	31 December 2018
Other prepaid expenses	1,987	1,829
Total	**1,987**	**1,829**

19. OTHER ASSETS

	31 December 2019	31 December 2018
Personnel and work advances	1	20
Deferred VAT	2,170	1,758
Total	**2,171**	**1,778**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

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

20. DEPOSITS AND BORROWERS' FUNDS

a) Other money market deposits

	31 December 2019				31 December 2018			
	Amount		Effective interest rate (%)		Amount		Effective interest rate (%)	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Liabilities from money market transactions	-	-	-	-	18,513	-	24.60-24.90	-
Total	**-**				**18,513**			

b) Borrowers' funds

	31 December 2019				31 December 2018			
	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	868	510	-	-	1,502	87	-	-
Time	3,097	29,844	8.00-10.50	3.50-3.50	6,516	69,028	10.00-20.00	1.25-4.40
Total	**3,965**	**30,354**			**8,018**	**69,115**		

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

21. FUNDS BORROWED

	31 December 2019				31 December 2018			
	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	**164,364**	**3,267**			**29,690**	**183**	-	-
Fixed interest	164,364	3,267	10.25-25.00	2.96-2.96	29,690	183	15.10-24.00	7.10
Floating interest	-	-	-	-	-	-	-	-
Medium/long Term	**-**	**306,765**			**-**	**400,717**		
Fixed interest	-	32,706	-	4.75-4.75	-	125,958	-	4.50-5,80
Floating interest	-	274,059	-	4.70-5.15	-	274,759	-	5.36-5.95
Total	**164,364**	**310,032**			**29,690**	**400,900**		

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

	31 December 2019		31 December 2018	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	35	66,176	125,958	33,253
Up to 2 year	32,671	79,131	-	57,398
Up to 3 year	-	27,239	-	70,080
Up to 4 year	-	101,513	-	24,125
More than 5 year	-	-	-	89,903
Total	**32,706**	**274,059**	**125,958**	**274,759**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

22. ISSUED SECURITIES

There is no issued security as at 31 December 2019 and 31 December 2018.

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

23. TRADE PAYABLES

	31 December 2019	31 December 2018
Payables to marine sector suppliers	876	46
Payables to suppliers	276	88
Export trade payables	78	107
Total	**1,230**	**241**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

24. DEFERRED INCOME

	31 December 2019	31 December 2018
Provisions		
Deferred income on vessel time charters	1,824	2,955
Deferred income on factoring commissions	13	124
Other	10	9
Total	**1,847**	**3,088**

25. PROVISIONS

	31 December 2019	31 December 2018
Employee bonus provision	3,232	2,445
Provision for employee termination benefits obligation	2,977	1,850
Provision for vacation pay liability	1,381	1,178
Provision for unindemnified non-cash loans	-	14
General provision for non-cash loans (*)	3,794	1,543
Total	**11,384**	**7,030**

(*) General provision for non-cash loans are presented in the short-term provisions in liabilities.

Employee Termination Benefits Obligation

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 6,017.60 (full) and TL 5,001.76 (full) as at 31 December 2019 and 31 December 2018, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

International Accounting Standard No 19 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:

	31 December 2019	31 December 2018
Discount rate	11.56	18.88
Expected rates of salary/limit increases	7.00	9.50

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)

25. PROVISIONS (continued)

Employee Termination Benefits Obligation (continued)

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

	Continuing Operations	
	31 December 2019	**31 December 2018**
At 1 January	**1,850**	**1,671**
Actuarial losses/(gains)	866	77
Interest cost on the provision	176	106
Provision reversed due to being paid	(278)	(271)
Provision reversed without being paid	(34)	-
Service cost	397	267
Closing balance at the end of period	**2,977**	**1,850**

Vacation pay liability

The Group has provided for undiscounted short-term employee benefits earned during the period as per services rendered in compliance with IAS 19 in the accompanying consolidated financial statements.

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

	Continuing Operations	
	31 December 2019	**31 December 2018**
At 1 January	**1,178**	**1,074**
Provision reversed during the period	-	(43)
Provision set during the period	203	147
Closing balance at the end of period	**1,381**	**1,178**

Short term provisions

	31 December 2019	**31 December 2018**
Unindemnified non-cash loans	-	14
General provision for non-cash loans (*)	3,794	1,543
Other	-	-
Total	**3,794**	**1,557**

(*) Expected credit loss for non-cash loans are presented in the short-term provisions in liabilities.

Unindemnified non-cash loans

The movement in provision for unindemnified non-cash loans is as follows:

	Continuing Operations	
	31 December 2019	**31 December 2018**
At 1 January	**14**	**13**
Provision set/(reversed) during the period	(14)	1
Closing balance at the end of period	**-**	**14**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

There is no provision for litigations that is required to be set or disclosed for continuing operations as at 31 December 2019 and 31 December 2018.

The movement in employee bonus provision is as follows:

	31 December 2019	**31 December 2018**
At 1 January	**2,445**	**2,176**
Provision set during the period	787	269
Closing balance at the end of period	**3,232**	**2,445**

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

26. OTHER LIABILITIES

	31 December 2019	**31 December 2018**
Other	24	20
Total	**24**	**20**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

27. TAXATION

Corporate income was subject to corporate tax at 20% in Turkey to be effective from 1 January 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.

The Group has no tax losses carried forward as at 31 December 2019 (31 December 2018: TL 3,614).

Withholding tax on dividend distributions

In addition to the corporation tax, withholding tax should be calculated on dividends distributed except for the ones distributed to resident corporations and Turkish branches of foreign companies. The income withholding tax is applied as 15% to all companies except for the aforementioned companies. The dividends not distributed and added to capital are exempt from withholding tax. 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)

27. TAXATION (continued)

Investment allowance

As at 31 December 2019 and 31 December 2018, the Group has the following unused investment allowances:

Unused investment allowances				
Group company	**31 December 2019**		**31 December 2018**	
	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.	160,707	-	135,267	-
Total	**160,707**	**-**	**135,267**	**-**

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 is calculated seperately.

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

27. 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 company 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 Company in the financial statements of the deferred tax assets.

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 financial statements 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 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Deferred tax liabilities		
Valuation differences of securities	27,463	22,230
Valuation and depreciation differences of fixed assets	125	107
Other	69	70
Gross deferred tax liabilities	**27,657**	**22,407**
Deferred tax assets		
Provisions arising from financial sector operations	1,506	965
İmpact of carried forward tax losses	-	795
Provision for employee termination benefits obligation	595	371
Provision for employee unused paid vacation obligation	279	239
Provision for employee bonus	357	277
Valuation differences on fixed assets	14	9
Other	197	34
Gross deferred tax assets	**2,948**	**2,690**
Deferred tax assets/(liabilities), net	**(24,709)**	**(19,717)**

Movement of net deferred tax assets can be presented as follows:

	Continuing Operations	
	31 December 2019	**31 December 2018**
Deferred tax assets, net at 1 January	**(19,717)**	**(11,510)**
Deferred income tax recognized in consolidated income statement	(5,164)	(17,350)
Deferred income tax recognized in consolidated other comprehensive income	172	3,175
Reversal of deferred tax expense	-	5,968
Deferred tax assets, net at the end of period	**(24,709)**	**(19,717)**

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

27. TAXATION (continued)

Income tax benefit / (expense)

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis. Major components of income tax benefit / (expense) for the periods ended 31 December 2019 and 31 December 2018 are as follows:

Consolidated income tax benefit /(expense)

	31 December 2019			31 December 2018		
Continuing Operations	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**
Current income tax benefit/(expense)	(25,527)	(1,678)	(27,205)	(32,867)	(937)	(33,804)
Deferred income tax benefit /(expense)	(5,164)	172	(4,992)	(17,350)	3,175	(14,175)
Total	**(30,691)**	**(1,506)**	**(32,197)**	**(50,217)**	**2,238**	**(47,979)**

Prepaid Income Tax

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**

Continuing Operations Prepaid Income Tax	**31 December 2017**	**Recognised in Period**	**(Taken Back) / Paid in Period**	**31 December 2018**
Taken back from 2017's overpaid corporate tax	-	-	-	-
Taken back current year's overpaid corporate tax	20	2,985	(15)	2,990
Prepaid Income Tax	**20**	**2,985**	**(15)**	**2,990**

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

Continuing Operations	**31 December 2019**	**31 December 2018**
Corporate income taxes payable	27,205	33,804
Prepaid income taxes	(20,837)	(29,462)
Income taxes payable, net	**6,368**	**4,342**

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

27. TAXATION (continued)

Reconciliation

		31 December 2019		31 December 2018
Profit before income tax and non-controlling interest		**194,945**		**350,392**
Corporate tax at applicable rate of 22%	(22%)	(42,888)	(22%)	(77,086)
Effect of tax-exempt income	0%	308	0%	157
Effect of different corporate tax rates	0%	(1,371)	0%	1,491
Effect of non-deductible expenses	0%	(523)	0%	(293)
Provisions (expense) / income for financial sector activities	0%	65	0%	18
Financial sector activities prepaid commission income	0%	22	%0	-
The effect of profit / loss on the sale of property for sale	0%	-	1%	2,649
Reversal of deferred tax asset / liability at the beginning of the period	0%	-	2%	5,625
Effect of corporate tax exemption on profit from valuation of securities	7%	14,011	9%	30,750
Effect of the dividend for Board of Directors	0%	(355)	0%	(260)
Effect of consolidation eliminations between ongoing and discontinued Operations	0%	8	4%	(13,401)
Other (Major non-allocated deferred tax asset/liability effect)	0%	32	0%	133
Income tax benefit /(expense) in the consolidated income statement	**(15%)**	**(30,691)**	**(14%)**	**(50,217)**

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 and prior period profits of Cano Maritime Limited and Hako Maritime Limited are subject 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. Corporate income was subject to corporate tax at 20% in Turkey to be effective from 1 January 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%.

28. DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rates or indices.

The Group has no derivative transaction as at 31 December 2019.

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

29. 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:

	31 December 2019				31 December 2018			
	GSD Group	**Delta Group**	**Share-holders**	**Key Executives**	**GSD Group**	**Delta Group**	**Share-holders**	**Key Executives**
	Continuing Operations				**Continuing Operations**			
Cash loans	-	-	-	-	-	-	242	-
Other liabilities	-	-	-	-	-	-	5	-
Deposits-Borrowers' funds	-	-	29,844	-	-	-	4	-

	31 December 2019				31 December 2018			
	GSD Group	**Delta Group**	**Share-Holders**	**Key Executives**	**GSD Group**	**Delta Group**	**Share-holders**	**Key Executives**
	Continuing Operations				**Continuing Operations**			
Interest income	-	-	2	-	-	-	230	-
Interest expense	-	-	-	-	-	-	596	-
Rent expense	-	-	5,113	-	-	-	4,434	-
Commission income	-	-	1	-	-	-	5	-
Donation expense	266	-	-	-	-	-	-	-

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 Education 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, interest income, interest expense, rent expense, commission income and donation expense 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 10,510 for continuing operations for the annual period ended 31 December 2019 (31 December 2018: TL 9,665).

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

30. SHARE CAPITAL / TREASURY SHARES

Share Capital

As at 31 December 2019 and 31 December 2018, the nominal values and number of shares of the issued capital of the Company are as follows in terms of share groups:

	31 December 2019			31 December 2018		
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. 5 members of the board of directors, 2 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, 2 members of the board of directors are selected from the candidates nominated by Class (B) shareholders and 2 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.

Appointment of New Board Member

At the General Assembly Meeting of GSD Holding Anonim Şirketi for the year 2018, it has been decided to appoint Canan Sümer as a member of the Board of Directors due to the passed away of the member of the Board of Directors, Murat Atım. At the General Assembly Meeting of GSD Yatırım Bankası A.Ş. for the year 2018, it has been decided to appoint Mehmet Sedat Özkanlı as a member of the Board of Directors due to the passed away of the member of the Board of Directors, Murat Atım.

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 31 December 2019 and 31 December 2018, the carrying and nominal values and ownership percentages of the treasury shares, which consist of the shares of the GSD Holding A.Ş.are as follows:

	31 December 2019			31 December 2018		
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	20.000%	91,018	90,000	20.000%
Treasury shares	**91,018**	**90,000**	**20.000%**	**91,018**	**90,000**	**20.000%**
Total	**91,018**	**90,000**	**20.000%**	**91,018**	**90,000**	**20.000%**

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

30. SHARE CAPITAL / TREASURY SHARES (continued)

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 reclassified to "Changes in non-controlling interests without loss of control" balance of the previous year-end, to "Retained Earnings".

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

	31 December 2019	31 December 2018
Change in the shares of GSD Holding as a result of repurchased shares of GSD Marin	-	(382)
The Changes in Non-Controlling Interests Without Loss of Control	**-**	**(382)**

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

	31 December 2019	31 December 2018
Opening Balance	**(382)**	**(765)**
Opening fund balance transferred to retained earnings	382	765
Change in the shares of GSD Holding as a result of repurchased shares of GSD Marin	-	(382)
The Changes in Non-Controlling Interests Without Loss of Control	**-**	**(382)**

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

30. 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 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)
Dividend paid to non-controlling interest	-	-	-
Change in the Non-controlling interest share	-	-	-
31 December 2019	**23,071**	**6,953**	**30,024**

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 2018	**16,075**	**4,691**	**20,766**
Non-controlling interest in net profit/(loss) in the income statement	5,886	1,101	6,987
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	570	-	570
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(2)	-	(2)
Dividend paid to non-controlling interest	11	(311)	(300)
Change in the non-controlling interest share	(1,030)	(9)	(1,039)
31 December 2018	**21,510**	**5,472**	**26,982**

Summarised financial information for the subsidiaries that has non-controlling interests (*)

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**

Summarised financial information for the subsidiaries that has non-controlling interests (*)

31 December 2018	**GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.**	**GSD Faktoring A.Ş.**
Current Assets	82,102	106,827
Non- Current Assets	214,897	441
Total Asset	**296,999**	**107,268**
Short term liabilities	86,548	53,660
Long term liabilities	79,900	654
Total liabilities	166,448	54,314
Equity	130,551	52,954
Total Liability	**296,999**	**107,268**
31 December 2018		
Net period profit/(loss)	35,543	10,660
Other comprehensive income	3,421	(13)
Total comprehensive income	**38,964**	**10,647**

(*) Intragroup eliminations are not included in the table and the data comprised from consolidated IFRS financial statements which are adjusted for consolidation procedures.

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

31. OTHER COMPREHENSIVE INCOME

Fair value reserve:

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase. The Group has changed the accounting policy of Silopi Elektrik Üretim A.Ş. in the financial statements as at 1 January 2018. The available-for-sale financial assets have reclassed as financial assets at fair value through profit or loss in accordance with transition to IFRS 9. Income accrual and deferred tax effect have been reclassified from profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets in other comprehensive income to income statement with the IFRS 9 transition. Starting from this date, the income accrual is recognized in the income statement.

Translation reserve:

The Group's translation reserve, between 1 January 2019 and 31 December 2019, belongs to subsidiaries of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. which are classified as continuing operations in the Group's consolidated IFRS financial statements.

The movement in the translation reserve based on the accumulated balances of the factors leading to the exchange differences:

	31 December 2018	Movement	31 December 2019
Exchange differences arising on the opening net assets	124,549	36,157	160,706
Exchange differences arising on income statement with average exchange rate	1,288	1,365	2,653
Exchange differences arising on long-term receivables	68,857	8,392	77,249
Current tax income/(expense) effect of FX translation difference	(7,416)	(1,678)	(9,094)
Deferred tax income/(expense) effect of FX translation difference	(6,362)	-	(6,362)
Increase/(decrease) in share of non-controlling interest (change at the beginning of period)	4,031	-	4,031
Increase/(decrease) in share of non-controlling interest (change at the end of period)	2,718	-	2,718
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(20,487)	(2,608)	(23,095)
Increase/(decrease) in share of non-controlling interest (total)	**(13,738)**	**(2,608)**	**(16,346)**
Total translation reserve, net	**167,178**	**41,628**	**208,806**

The movement in the translation reserve:

	31 December 2019	31 December 2018
At 1 January	**167,178**	**69,468**
Increase/(decrease) in the reserve	46,476	34,956
Effect of current tax expense recognized in comprehensive income	(1,678)	(1,111)
Deferred tax income / (expense) effect recognized in the statement of comprehensive income	-	3,239
Change in opening balance of the reserve attributable to non-controlling interests arising from change in ownership percentage	-	799
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(2,608)	(569)
Accumulated translation reserves due to sale of associates and subsidiary	(562)	60,396
Closing Balance	**208,806**	**167,178**

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

31. OTHER COMPREHENSIVE INCOME (continued)

Remeasurements of the Net Defined Benefit Liability (Asset):

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.

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 Group transferred the balance of TL 60 of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity as at 31 December 2018 to the Retained Earnings within equity as at 1 January 2019.

The movement in remeasurements of the net defined benefit liability (asset):

31 December 2019	Continuing Operations	Discontinued Operations	Total
At 1 January	**(60)**	**-**	**(60)**
Remeasurement gains/losses	(866)	-	(866)
Effect of deferred tax recognized in equity	172	-	172
Funds transferred to retained earnings	75	-	75
The effect of deferred tax expense transferred to retained earnings	(15)	-	(15)
The change in the reserve, net of tax, attributable to non-controlling interests	-	-	-
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	31	-	31
Closing Balance	**(663)**	**-**	**(663)**

31 December 2018	Continuing Operations	Discontinued Operations	Total
At 1 January	**(66)**	**-**	**(66)**
Remeasurement gains/losses	(77)	-	(77)
Effect of deferred tax recognized in equity	15	-	15
Funds transferred to retained earnings	82	-	82
The effect of deferred tax expense transferred to retained earnings	(16)	-	(16)
The change in the reserve, net of tax, attributable to non-controlling interests	-	-	-
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	2	-	2
Closing Balance	**(60)**	**-**	**(60)**

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS

Profit Appropriation and Dividend Distribution

According to the Article 19 of the Capital Market Law, numbered 6362 and effective from 30 December 2012, and Dividend Communiqué of CMB, numbered II-19.1 and effective from 1 February 2014, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.

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.

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

According to 2018 Ordinary General Assembly of the Company has resolved on 23 May 2019 that the profit distribution policy of Company for the year 2018 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.

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS (continued)

In the Ordinary General Assembly Meeting for the year 2018 of GSD Holding A.Ş. held on 23 May 2019, it was decided for the Company's Board of Directors to be authorized regarding the separation of TL 252,997 of net profit of year 2018 on the legal records of the Company by allocating TL 12,650 first legal reserve, from the remainder TL 240,347 amount and by allocating TL 293,188 first legal reserve from the TL 12,650 from the consolidated IFRS net profit of year 2018 and to allocate the remainder TL 280,538 amount as extra ordinary reserve.

In the Ordinary General Assembly Meeting for the year 2018 dated 27 March 2019 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 other provisions are set aside and kept in the other provisions account, to be separated TL 591 as first legal reserve, TL 1,000 dividend distribution to Board of Director members, in accordance with in the circular of the BRSA dated 7 March 2019 and numbered 12509071-103.02.01(134-92)-E.3371 not to be separated and to be kept in the excess reserve account, and decided to transfer rest of the TL 9,055 amount as extra ordirary reserve.

The Ordinary General Assembly Meeting for the year 2018 of GSD Yatırım Bankası A.Ş. was held on 27 March 2019. In the Ordinary General Assembly Meeting, it was decided to the net profit amounting to TL 76,242 provided from the activities of the year 2018, TL 14,026 as corporate tax, TL 3,114 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 56,664 as extraordinary reserve.

The Ordinary General Assembly Meeting for the year 2018 dated 23 May 2019 of GSD Denizcilik Gayrimenkul İnşaat San. Ve Tic. A.Ş. decided in the legal records of company from the net loss of TL 5,650, TL 21,493 of 75% of the earnings calculated in accordance with the legal legislation related to float share in 2018, in order to benefit from the corporate tax exemption according to the Article 5 (1) (e) and numbered 5520 of the Regulation on Corporate Tax, until the end of the fifth year following the year of sale transfer to any account other than an addition to capital and to be held without withdrawal from the company, loss amounting to TL 27,143 after transfer to the Special Funds Account in shareholders' equity from extraordinary reserves and deduct the year 2018 net profit of TL 35,543 in consolidated IFRS financial statements.

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

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS (continued)

Retained earnings

	31 December 2019	31 December 2018
Extraordinary reserves	522,961	263,665
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	23,677	2,877
Retained earnings	**557,909**	**277,813**

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

	31 December 2019	31 December 2018
Net profit/loss for the period	121,224	252,996
Extraordinary reserves (historical)	415,207	174,860
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	**628,438**	**519,863**

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 Communique 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.

Pursuant to the section under the heading of 19. Profit Distribution belonging to the Circular numbered 17 relating to the Tax Procedural Law of Turkey, prior year income not existing before the first inflation adjustment and arising from the first inflation adjustment, 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.

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

33. COMMITMENTS AND CONTINGENCIES

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

	31 December 2019	31 December 2018
Letters of guarantee	2,686,841	1,339,594
Bills of acceptances	151,207	102,476
Total non-cash loans	**2,838,048**	**1,442,070**
Other commitments	-	-
Total non-cash loans and off-balance sheet commitments	**2,838,048**	**1,442,070**

The analysis related to the Group's exposure to credit, liquidity and market risks based on the types of financial assets and liabilities is disclosed in Note 40.

34. OPERATING INCOME

Gross profit/(loss) from marine sector operations

	31 December 2019	31 December 2018
Rental income on ship time charters	114,977	102,950
Fuel purchasing and selling difference income	-	109
Other income	1,572	1,199
Marine sector income	**116,549**	**104,258**
Ship depreciation expense	(34,970)	(27,686)
Ship personnel expenses	(33,292)	(25,462)
Various materials, oil and fuel expenses of ships	(17,925)	(12,039)
Ship insurance expenses	(4,581)	(3,434)
Technical management fees	(3,942)	(2,878)
Maintenance and repair expenses	(566)	(1,953)
Loss of hire	(313)	(743)
Other expenses	(2,051)	(800)
Marine sector expense	**(97,640)**	**(74,995)**
Gross profit/(loss) from commercial sector operations	**18,909**	**29,263**

Gross profit/(loss) from financial sector operations

a) Service income and cost of service

	31 December 2019	31 December 2018
Fees and commission income	30,856	17,754
Income from banking transactions	148	461
Service income	**31,004**	**18,215**
Fees and commission expense	(1,286)	(1,421)
Cost of service	**(1,286)**	**(1,421)**
Service income less cost of service	**29,718**	**16,794**

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

34. OPERATING INCOME (continued)

Gross profit/(loss) from financial sector operations (continued)

b) Interest income / (expense)

	31 December 2019	31 December 2018
Interest income		
Interest income on factoring receivables	62,235	59,545
Interest income on loans and advances	50,822	53,325
Interest income on finance lease contracts	-	52
Other interest income	119	258
Interest income on securities	413	134
Interest received from banks	3,075	2,772
Interest received from money market transactions	3,255	1,601
Interest income	**119,919**	**117,687**
Interest expense		
Interest expense on funds borrowed	(23,063)	(27,610)
Interest expense on other money market deposits	(5,670)	(7,084)
Other interest expense	(1,303)	(2,553)
Interest expense	**(30,036)**	**(37,247)**
Net interest income	**89,883**	**80,440**

Provision expense arising from financial sector operations

	31 December 2019	31 December 2018
(Provision)/reversal of provision for loans and advances to customers	(1,544)	(247)
(Provision)/reversal of provision for factoring receivables	(290)	(2,147)
(Provision)/reversal of provision for finance lease receivables	(291)	(680)
(Provision)/reversal of provision for unindemnified non-cash loans	-	(1)
Total	**(2,125)**	**(3,075)**

Capital market transaction profit/loss

	31 December 2019	31 December 2018
Capital market transaction profit	270	293
Total	**270**	**293**

Other financial sector operations income/(expense), net

	31 December 2019	31 December 2018
Banking Regulation and Supervision Agency contribution expense	(128)	(102)
Banking Association contribution expense	(24)	(22)
Other income/(expense)	945	1,509
Total	**793**	**1,385**

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

35. ADMINISTRATIVE EXPENSES

Administrative expenses

	31 December 2019	31 December 2018
Personnel expenses	(29,895)	(24,258)
Depreciation expenses of right-of-use assets	(5,367)	-
Amortization and depreciation expenses	(1,307)	(1,163)
Taxes paid other than on income	(1,212)	(2,613)
External audit expenses	(1,121)	(1,226)
Communication expenses	(1,020)	(579)
Vehicle, transportation and travel expenses	(987)	(2,065)
Building and fixed-asset expenses	(833)	(694)
Rent expenses	(206)	(5,193)
Donation, aid and social responsibility expenses	(206)	(352)
Office and printed material expenses	(147)	(140)
Insurance expense	(56)	(45)
Advertising expenses	(12)	(86)
Legal expenses	(5)	(19)
Other expenses	(2,388)	(3,770)
Total	**(44,762)**	**(42,203)**

Personnel expenses

	31 December 2019	31 December 2018
Wages and salaries	(20,929)	(17,513)
Paid bonus expense (*)	(2,699)	(2,392)
Cost of defined contribution plan	(2,571)	(2,035)
Other fringe benefits	(1,798)	(1,384)
Provision expense for employee bonus	(787)	(269)
Paid expense for employee termination benefits obligation	(426)	(191)
Provision expense for employee termination benefits obligation	(397)	(267)
Provision expense for unused paid vacation obligation	(203)	(147)
Paid expense for unused paid vacation obligation	(20)	(53)
Other	(65)	(7)
Total	**(29,895)**	**(24,258)**

(*) Dividend for Board of Directors and personnel in the notes of previous period is shown under the paid bonus expense line.

36. OTHER INCOME / (EXPENSE) FROM OPERATING ACTIVITIES

Other income from operating activities

	31 December 2019	31 December 2018
Other foreign exchange gains	22,793	50,613
Interest income on deposits with banks and financial institutions	3,878	4,134
Reversal of provision for employee termination benefits obligation	312	271
Reversal of provision for unused paid vacation obligation	-	43
Insurance indemnity income	-	37
Other income	375	264
Total	**27,358**	**55,362**

Other expense from operating activities

	31 December 2019	31 December 2018
Other foreign exchange losses	(7,450)	(26,323)
Total	**(7,450)**	**(26,323)**

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

37. INCOME / (EXPENSE) FROM INVESTMENT ACTIVITIES

Income from investment activities

	31 December 2019	31 December 2018
Gain on foreign exchange of financial investment (*)	84,923	186,125
Gain on sale of bonds	267	-
Gain on disposal of fixed asset	189	-
Marketable securities valuation profit (excluding interest bearing securities)	845	193
Other income (**)	23,920	82,338
Total	**110,144**	**268,656**

(*)The amount arises from the exchange effect of the financial investment of Silopi Elektrik Üretim A.Ş..

(**) 23,920 TL consists of the income rediscounted amount calculated in 2019 bound by contract related to the financial investment of Silopi Elektrik Üretim A.Ş .

Other income

	31 December 2019	31 December 2018
Silopi Elektrik Üretim A.Ş – income accural	23,920	56,608
GSD Yatırım Bankası A.Ş. - income from property sales	-	25,666
Other income	-	64
Total	**23,920**	**82,338**

Expense from investment activities (-)

	31 December 2019	31 December 2018
Gain on disposal of fixed asset	(22)	-
Other expenses	-	(2)
Total	**(22)**	**(2)**

38. FINANCING EXPENSES

Financing expenses:

	31 December 2019	31 December 2018
Interest expense on borrowings	(22,856)	(19,746)
Foreign exchange loss on borrowings	(4,681)	(20,586)
Interest expense on the provision for employee benefits	(176)	(106)
Other financing expenses	(205)	(171)
Total	**(27,918)**	**(40,609)**

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

39. EARNINGS PER SHARE

Continuing Operations	**31 December 2019**	**31 December 2018**
Net profit/(loss)	163,789	293,188
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	**0.455**	**0.814**
Diluted earnings per share with a nominal value of full TL 1	**0.455**	**0.814**

(*) In accordance with the Board of Directors decision of GSD Holding A.Ş., which was taken in line with the press announcements relating to purchased share of the CMB dated July 21, 2016 and July 25, 2016, on July 26, 2016, as of 31 December 2019, 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 in 2019 and 2018 (31 December 2018: TL 90,000 nominal value, purchased back for TL 56,418).

40. FINANCIAL RISK MANAGEMENT

THE REGULATIONS REGARDING THE RISK MANAGEMENT IN THE GROUP COMPANIES

The Regulations Regarding the Capital Adequacy Requirements of the Group's Bank

In the Group bank, in accordance with banking regulations, the capital adequacy ratio and, beginning from 1 January 2014, the main capital adequacy ratio and the core capital adequacy ratio are required to be calculated on separate and consolidated bases and meet the minimum 8% and 4.5% respectively and held at these levels. The capital adequacy standard ratio, the main capital adequacy ratio and the core capital adequacy ratio are calculated by dividing the shareholders' equity, the main equity capital and the core equity capital respectively by the sum of "the amount taken as the basis to the credit risk+the amount taken as the basis to the market risk+the amount taken as the basis to the operational risk".

The shareholders' equity, the main equity capital and the core equity capital are calculated according to the rules and principles stated in the Communique on the Shareholders' Equities of Banks.

The amount taken as the basis to the credit risk is calculated for the credit risk arising from the on-balance sheet asset items, non–cash loans, commitments and derivative financial instruments. The amount taken as the basis to the credit risk is calculated by means of the standard approach or the approaches based upon internal rating.

The amount taken as the basis to the market risk is calculated by means of the standard method or the risk measurement methods with the permission of BRSA.

The amount taken as the basis to the operational risk is calculated for the losses arising from missing out mistakes and misapplications due to the shortcomings of the bank's internal controls, not being able to behave according to the time and conditions by the bank management and personnel, the errors in managing the bank, the errors and shortcomings in the management information systems and disasters such as earthquake, fire and flood or terror attacks. The amount taken as the basis to the operational risk is calculated by means of the basic indicator approach and the standard approach or the advanced measurement approaches with the permission of BRSA.

The Regulations Regarding the Capital Protection and Cyclic Capital Buffers of the Group's Bank

The additional core equity capital is the excess of the banks' core equity capital over the core equity capital utilized by them to meet the capital adequacy standard ratio, the main capital adequacy ratio and the core capital adequacy ratio as required by the relevant directive, on separate and consolidated bases. The banks' additional core capital requirement is the amount calculated by multiplying the sum of the bank-specific cyclic capital buffer ratio (BCCB) and the capital protection buffer ratio (CPB) with risk-weighted assets (RWA). Cyclical buffer rate to be used by the Bank in BCCB account rate is determined by the BRSA for risks in Turkey.

40. FINANCIAL RISK MANAGEMENT (continued)

Internal Capital Adequacy Assessment Process (ICAAP), Capital Planning Buffer, Internal Capital Buffer and Internal Capital Adequacy Requirement

The banks are required to internally calculate the capital that is adequate to meet the risks they are exposed to and can be exposed to, on separate and consolidated bases and maintain their activities by means of a capital over this level. The ICAAP is the set of processes to allow the top management to identify, measure, consolidate and monitor the risks in an accurate and adequate level; to calculate and maintain the adequate internal capital determined based on the bank's risk profile, strategies and activity plan; establish, implement and develop continuously strong risk management systems. The banks are required to establish, implement and develop the ICAAP in their own structures. ICAAP incorporates the qualitative characteristics of the capital planning, corporate governance and risk management capabilities not reflected in the financial figures and takes into consideration the sensitivity to the economic cycle and the other external risk factors. The best practice guides of the BRSA are taken into consideration in the establishment and implementation of the ICAAP, within the limits of the relevant provisions of the regulations, the other relevant legislation and the principle of measuredness. The ICAAP must be integrated into the organizational structure, the risk appetite structure and the operating processes of the bank and must form the basis of them.

Banks are required to calculate and maintain a capital planning buffer so as to prevent capital adequacy from dropping below the internal and legal minimum capital adequacy level in the presence of possible adverse situations and losses that can be encountered in the next three year period; considering the stress testing and the scenario analysis, the risk appetite, the capital plan, the strategic plan and budget, the action plans against urgent and unforeseen circumstances and other matters they require; the internal capital adequacy requirement is calculated by adding cyclical capital buffer stated in "the Regulation on the Capital Protection and the Cyclic Capital Buffers", published in the Official Gazette dated 5 November 2013 and numbered 28812, and the bigger of the capital protection buffer and the capital planning buffer stated in the same regulation to the internal minimum capital adequacy level. The part of the internal capital adequacy requirement of the bank which exceeds the legal capital adequacy level is named as the internal capital buffer. The internal capital buffer is maintained as the core capital.

When the current capital adequacy level falls below the internal capital adequacy requirement, the bank submits urgently an action plan to the BRSA so as to enable the current capital adequacy level to exceed the internal capital adequacy requirement level. The mentioned plan is implemented after the approval of the BRSA.

The Regulations Regarding the Leverage Ratios of the Group Bank

Starting from 1 January 2014, the leverage ratio is calculated by dividing the main equity capital by the total risk amount; the consolidated leverage ratio is calculated by dividing the consolidated main equity capital by the consolidated total risk amount. Starting from 1 January 2015, the quarterly simple arithmetic average as of the periods ended March, June, September and December of the leverage ratios which are calculated monthly on separate and consolidated bases are required to be attained and maintained at a minimum of 3%.

The Regulations Regarding the Equity Standard Ratio of the Group's Financial Leasing and Factoring Companies

The ratio of the shareholders' equity to the total assets of the financial leasing and factoring companies are required to be attained and maintained at a minimum of 3% in accordance with the about the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies directive.

40. FINANCIAL RISK MANAGEMENT (continued)

The Regulations Regarding the Provisions To Be Set Against the Receivables of the Group's Bank, Financial Leasing And Factoring Companies

In accordance with the related regulations, the Bank is required to recognize provision for the expected credit losses in IFRS 9 in order to cover the losses arising or expected to arise from credit and other receivables but whose amount is not certain, within the framework of the procedures and principles determined in the related regulation and communique as follows.

Recognition of Expected Credit Losses

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with IFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under IFRS 9. Estimation of expected credit losses include supportable informations that are unbiased, weighted by probable outcomes and on past events, current conditions and forecasts for future economic conditions. As of the date of initial recognition, these financial assets have been classified into the following three stages based on the increase in the credit risks observed:

Stage 1: From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date.

Stage 2: An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions matters are recognizing the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition is performed at each reporting period.

Stage 3: When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset has met with credit-impairment. For these assets, expected lifetime loss of credit is recorded.

a) in the ratio of at least 20% of their receivables whose principal or interest or both of them are more than 90 days but less than 180 days due (more than 150 days but less than 240 days due for the Group's financial leasing company and, being effective from, 24 December 2013, more than 180 days but less than 270 days due for the factoring transactions with guarantee of the Group's factoring company) from the maturity date or the date of payment,

b) in the ratio of at least 50% of their receivables whose principal or interest or both of them are more than 180 days but less than a year due (more than 240 days but less than a year due for the Group's financial leasing company and, being effective from 24 December 2013, more than 270 days but less than a year due for the factoring transactions with guarantee of the Group's factoring company) from the maturity date or the date of payment,

c) in the ratio of at least 100% of their receivables whose principal or interest or both of them are more than a year due from the maturity date or the date of payment.

Factoring companies can set a specific provision at their will (banks, in the above-mentioned ratios; financial leasing and factoring companies, in the ratios to be determined by themselves) against their loan, finance lease and factoring and other receivables, even if the length of non-payment did not exceed the above-mentioned terms, taking into account the credibility of the debtor and the other criteria specified in the relevant communique and directive.

40. FINANCIAL RISK MANAGEMENT (continued)

The Regulations Regarding the Provisions to be Set Against the Receivables of the Group's Bank, Financial Leasing And Factoring Companies (continued)

Recognition of Expected Credit Losses (continued)

Factoring companies are required to classify the collaterals held as security against their loan, finance lease and factoring and other receivables into four groups specified in the relevant communique and directive and follow them in this way. The amount of the collateral is only taken into account in the determination of the amount of the specific provision as a deduction from the amount of the receivable in the below-mentioned ratios:

The ratio in which the first group of collaterals is to be taken into account: 100%
The ratio in which the second group of collaterals is to be taken into account: 75%
The ratio in which the third group of collaterals is to be taken into account: 50%
The ratio in which the fourth group of collaterals is to be taken into account: 25%

MARKET RISK

Market risk is the risk of loss from the Group's on-off balance sheet items, caused by the volatility in interest rates, stock prices and foreign currency exchange rates.

The top management closely monitors the amount of market risk, to which the Group has been exposed or can be exposed with regards to its position. Therefore, Market Risk Committee is constituted in the Group's bank and the market risks are measured by employing the measurement models in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy of Banks " and reported to the top management.

Furthermore, the market risk is mitigated by determining the scope of buy/sell transactions, the instruments used in buy/sell transactions, the markets that buy/sell transactions are realized and the limits regarding the buy/sell transactions that can generate market risk in the Group's bank.

SENSITIVITY ANALYSIS FOR MARKET RISK

According to IFRS, there are three types of market risk: interest rate risk, currency risk and other price risk. Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected) and residual value risk. As at 31 December 2019 and 31 December 2018, since the Group's consolidated exposure to other price risk is not material, the Group's consolidated sensitivity analyses are given below in relevant sections only for interest rate risk and currency risk.

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

40. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK

Financial instruments contain an element of risk that the counter parties of the Group may be unable to meet the terms of the agreements, totally or partially.

The Credit Evaluation and Monitoring Department in the Group's bank is responsible to manage the credit risk. The leasing company of the Group has a department which follows up the risk of the leasing receivables besides the credit risk monitoring department.

In the Group's bank, a rating system related with the follow-up of the credit risk on company and group basis has been initiated, and the top management is informed regularly about the company and group risks.

The credibility of the debtors of the Group's bank is assessed periodically in accordance with the "Communique on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves".

There are control limits on forward transaction agreements and for those instruments the credit risk is assessed together with the other potential risks derived from the market fluctuations.

In forward transactions, the fulfillment of rights and obligations are realized at maturity. However, in order to minimize the risk, the risk is closed by purchasing the reverse position from the market if necessary.

For credit transactions carried out abroad, a structure considering the country risk and market conditions of the related countries exists; nevertheless, such risks do not exist in the portfolio.

	31 December 2019		**31 December 2018**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Finance	167,597	672,194	152,875	154,665
Construction	9,670	528,952	11,178	381,156
Production	-	678,091	-	-
Energy	-	353,417	-	397,373
Service	1,032	68,020	-	-
Electronics	-	-	-	217
Other	67,187	537,374	46,243	508,659
Corporate loans	**245,486**	**2,838,048**	**210,296**	**1,442,070**
Consumer loans	**109**	**-**	**148**	**-**
Interest accruals	**-**	**-**	**-**	**-**
Loans in arrears	**4,195**	**-**	**3,918**	**-**
Provision for possible loan losses	**(465)**	**-**	**(4,010)**	**-**
Total	**249,325**	**2,838,048**	**210,352**	**1,442,070**

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

40. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK ANALYSIS OF FINANCIAL INSTRUMENTS

	Receivables										
	Trade receivables		Other receivables								
31 December 2019	Related party	Other party	Related party	Other party	Balances with banks and other financial institutions (*)	Marketable securities (**)	Derivative financial instruments	Loans and advances to customers	Factoring receivables	Finance lease receivables, net	Other
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	-	**11,382**	-	**6,939**	**136,344**	**38,106**	-	**3,087,373**	**236,157**	**11**	-
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	6,514	-	-	-	1,237,297	236,157	10	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	-	**11,382**	-	**6,939**	**136,344**	**38,106**	-	**245,459**	**235,995**	-	-
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-	-	-	-	-
C. The net carrying amount of the financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	**35**	**11**	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	35	11	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	-	-	-	-	-	-	-	**3,866**	**127**	-	-
- Past due (gross carrying amount)	-	1,981	-	-	-	-	-	4,195	5,775	4,113	-
- Impairment provision (-)	-	(1,981)	-	-	-	-	-	(329)	(5,648)	(4,113)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	136	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(136)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	-	-	-	-	-	-	-	**2,838,048**	-	-	-
31 December 2018											
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	-	**6,310**	-	**12,811**	**249,495**	**42,987**	-	**1,652,408**	**105,760**	**26**	-
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	12,610	-	-	-	1,651,919	105,760	26	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	-	**6,310**	-	**12,811**	**249,495**	**42,987**	-	**210,259**	**105,420**	-	-
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-	-	-	-	-
C. The net carrying amount of the financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	**212**	**26**	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	212	26	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	-	-	-	-	-	-	-	**79**	**128**	-	-
- Past due (gross carrying amount)	-	1,980	-	-	-	-	-	3,918	5,486	3,822	-
- Impairment provision (-)	-	(1,980)	-	-	-	-	-	(3,825)	(5,358)	(3,822)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	185	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(199)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	-	-	-	-	-	-	-	**1,442,070**	-	-	-

(*) This item includes Cash and Balances with the Central Bank except cash on hand, Deposits with other banks and financial institutions, Other money market placements and Reserve deposits at the Central Bank in the consolidated statement of financial position.

(**) Shares, due to not having credit risk, are not included in marketable securities.

(***) In the determination of this amount, factors that enhance the credibility, such as guarantees, are not taken into consideration.

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

40. FINANCIAL RISK MANAGEMENT (continued)

Ageing of the financial assets that are past due but not impaired

	Receivables							
31 December 2019	**Trade receivables**	**Other receivables**	**Balances with banks and other financial institutions**	**Marketable securities**	**Derivative financial institutions**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**
0-30 days past due	-	-	-	-	-	-	35	11
1-3 months past due	-	-	-	-	-	-	-	-
3-12 months past due	-	-	-	-	-	-	-	-
1-5 years past due	-	-	-	-	-	-	-	-
Over 5 years past due	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**35**	**11**
The part mitigated by a collateral held as security and other credit enhancements	**-**	**-**	**-**	**-**	**-**	**-**	**35**	**11**

Ageing of the financial assets that are past due but not impaired

	Receivables							
31 December 2018	**Trade receivables**	**Other receivables**	**Balances with banks and other financial institutions**	**Marketable securities**	**Derivative financial institutions**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**
0-30 days past due	-	-	-	-	-	-	100	26
1-3 months past due	-	-	-	-	-	-	112	-
3-12 months past due	-	-	-	-	-	-	-	-
1-5 years past due	-	-	-	-	-	-	-	-
Over 5 years past due	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**212**	**26**
The part mitigated by a collateral held as security and other credit enhancements	**-**	**-**	**-**	**-**	**-**	**-**	**212**	**26**

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

40. FINANCIAL RISK MANAGEMENT (continued)

Collateral obtained against loans and advances to customers that are not impaired:	**31 December 2019**	**31 December 2018**
Real estate mortgage	1,555	10,657
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	200,681	107,868
Total	**202,236**	**118,525**

Collateral obtained against non-cash loans that are not impaired:	**31 December 2019**	**31 December 2018**
Real estate mortgage	861	375
Cash collateral	3,179	48,963
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	1,031,016	1,183,675
Total	**1,035,056**	**1,233,013**

Collateral obtained against loans and advances to customers that are impaired:

The Group does not have collateral obtained against loans and advances to customers that are impaired.

The collaterals obtained against finance lease receivables in relation to the outstanding lease contracts:	**31 December 2019**	**31 December 2018**
Guarantee notes	10	26
Mortgages	-	-
Total	**10**	**26**

Collateral obtained against factoring receivables:	**31 December 2019**	**31 December 2018**
Collateral bill	221,148	92,040
Cheque collateral	15,009	13,432
Guarantees issued by financial institutions	-	288
Total	**236,157**	**105,760**

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

40. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY RISK

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to meet the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to unfavourable market conditions. In factoring companies, in order to mitigate the liquidity risk from the checks received, the Group attaches importance to the collectability of checks. In the Group's banks, the liquidity position is evaluated on a daily basis. In weekly meetings of the Asset-Liability Committee, three month-period cash flow projections are reviewed and the extent of positions to be taken is decided accordingly. Alternative strategies that will be taken in case of lack of liquidity are assessed. The existing limits and limit gaps of the Group within Interbank, Istanbul Stock Exchange, Money Market and secondary markets are followed instantly. The maximum limits in the statement of financial position of the Group related with the maturity risk are determined by the Board of Directors.

Liquidity risk analysis of the contractual undiscounted cash flows from the financial liabilities based on the remaining period at reporting date to the contractual maturity date

The table below analyses the contractual undiscounted cash flows from the financial liabilities of the Group into the maturity groupings based on the remaining period at reporting date to the contractual maturity date. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. The contractual maturity analysis based on undiscounted cash flows from the derivative financial instruments of the Group is given in Note 28 Derivatives, where the notional amounts of the derivative financial instruments are classified into the time bands with respect to the remaining contractual maturities.

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2019								
Financial liabilities								
Liabilities from money market transactions	-	-	-	-	-	-	-	-
Funds borrowed	**474,396**	**503,695**	21,148	129,768	43,530	51,289	257,960	-
Lease liabilities	**9,323**	**11,685**	497	989	1,458	2,840	5,901	-
Borrowers' funds	**34,319**	**35,270**	1,378	10	3,136	-	30,746	-
Factoring payables	**1,190**	**1,190**	-	1,190	-	-	-	-
Liabilities arising from finance leases	**41**	**41**	41	-	-	-	-	-
Total	**519,269**	**551,881**	**23,064**	**131,957**	**48,124**	**54,129**	**294,607**	**-**

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2018								
Financial liabilities								
Liabilities from money market transactions	**18,513**	**18,525**	18,525	-	-	-	-	-
Funds borrowed	**430,590**	**480,246**	282	68,975	34,674	109,245	267,070	-
Borrowers' funds	**77,133**	**77,391**	33,212	16,078	24,786	3,315	-	-
Factoring payables	**1,430**	**1,430**	-	1,430	-	-	-	-
Liabilities arising from finance leases	**57**	**57**	57	-	-	-	-	-
Total	**527,723**	**577,649**	**52,076**	**86,483**	**59,460**	**112,560**	**267,070**	**-**

CURRENCY RISK

Foreign currency risk, which indicates the possibility that the Group will incur losses due to adverse movements between currencies, is managed by close monitoring of the top management and taking positions in accordance with approved limits.

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

40. FINANCIAL RISK MANAGEMENT (continued)

CURRENCY RISK (continued)

Currency risk is followed on foreign currency/TL and foreign currency/ foreign currency basis and different risk techniques, methods and instruments are used for each of them. The Group hedges the risk in foreign currency/ foreign currency position with spot/forward arbitrage and future transactions. In the Group's banks, the capital adequacy requirement arising from foreign currency risk is calculated by considering all foreign currency assets and liabilities and derivative financial instruments of the Group's bank. The net short and long positions in terms of TL of each foreign currency are computed. The position with the greater absolute value is determined as the basis for the computation of capital adequacy requirement.

Sensitivity Analysis for Currency Risk

At 31 December 2019 and 31 December 2018, if all foreign currencies had strengthened or weakened 10 per cent against TL with all other variables held constant, the changes in the consolidated post-tax profit of the Group for the periods ended 31 December 2019 and 31 December 2018 and other components of equity of the Group as at those dates, which are the changes in net profit or other comprehensive income, net of tax, attributable to equity holders of the parent for the periods 31 December 2019 and 31 December 2018, respectively, would have been as follows:

	31 December 2019			
	Net Profit/(Loss) (*)		Other Components of Equity (*)	
	Foreign currencies' strengthening	Foreign currencies' weakening	Foreign currencies' strengthening	Foreign currencies' weakening
The 10% change in TL/USD:				
1- The change in USD denominated assets/liabilities except derivatives	60,871	(60,871)	16,606	(16,606)
2- Hedging effect arising from the derivatives	-	-	-	-
3- Net effect due to the change in TL/USD (1+2)	**60,871**	**(60,871)**	**16,606**	**(16,606)**
The 10% change in TL/EUR:				
4- The change in EUR denominated assets/liabilities except derivatives	18	(18)	-	-
5- Hedging effect arising from the derivatives	-	-	-	-
6- Net effect due to the change in TL/EUR (4+5)	**18**	**(18)**	**-**	**-**
The 10% change in TL/Other foreign currencies:				
7- The change in other foreign currencies denominated assets/liabilities except derivatives	(3)	3	-	-
8- Hedging effect arising from the derivatives	-	-	-	-
9- Net effect due to the change in TL/Other foreign currencies (7+8)	**(3)**	**3**	**-**	**-**
TOTAL (3+6+9)	**60,886**	**(60,886)**	**16,606**	**(16,606)**

	31 December 2018			
	Net Profit/(Loss) (*)		Other Components of Equity (*)	
	Foreign currencies' strengthening	Foreign currencies' weakening	Foreign currencies' strengthening	Foreign currencies' weakening
The 10% change in TL/USD:				
1- The change in USD denominated assets/liabilities except derivatives	53,849	(53,849)	31,440	(31,440)
2- Hedging effect arising from the derivatives	-	-	-	-
3- Net effect due to the change in TL/USD (1+2)	**53,849**	**(53,849)**	**31,440**	**(31,440)**
The 10% change in TL/EUR:				
4- The change in EUR denominated assets/liabilities except derivatives	64	(64)	-	-
5- Hedging effect arising from the derivatives	-	-	-	-
6- Net effect due to the change in TL/EUR (4+5)	**64**	**(64)**	**-**	**-**
The 10% change in TL/Other foreign currencies:				
7- The change in other foreign currencies denominated assets/liabilities except derivatives	(2)	2	-	-
8- Hedging effect arising from the derivatives	-	-	-	-
9- Net effect due to the change in TL/Other foreign currencies (7+8)	**(2)**	**2**	**-**	**-**
TOTAL (3+6+9)	**53,911**	**(53,911)**	**31,440**	**(31,440)**

(*) The amounts included in the foreign currency sensitivity analysis under the heading "Profit / Loss" are presented for the net profit for the period of the parent company shares and the other comprehensive income for the shares of the parent company given under "Equity"

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

40. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency position table (*)	**31 December 2019**				**31 December 2018**			
(Unless indicated,orginal currency)	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**
1. Trade Receivables	11,372	1,914	-	-	6,303	1,198	-	-
2a. Monetary Financial Assets (Cash and Bank)	151,336	25,420	50	11	289,059	54,740	177	11
2b. Non-Monetary Financial Assets	764,801	128,750	-	-	677,341	128,750	-	-
3. Other	4,703	750	38	-	5,156	970	9	-
4. Current Asset (1+2+3)	**932,212**	**156,834**	**88**	**11**	**977,859**	**185,658**	**186**	**11**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets (Cash and Bank	3,239	545	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	643,274	108,292	-	-	583,071	110,831	-	-
8. Non Current Assets (5+6+7)	**646,513**	**108,837**	**-**	**-**	**583,071**	**110,831**	**-**	**-**
9. Total Assets (4+8)	**1,578,725**	**265,671**	**88**	**11**	**1,560,930**	**296,489**	**186**	**11**
10. Trade Payables	900	147	4	-	67	13	-	-
11. Financial Liabilities	100,199	16,807	47	46	228,618	43,405	38	40
12a. Monetary Other Financial Liabilities	-	-	-	-	53	-	9	-
12b. Non Monetary Other Financial Liabilities	1,834	307	2	-	2,964	562	1	-
13. Short Term Liability (10+11+12)	**102,933**	**17,261**	**53**	**46**	**231,702**	**43,980**	**48**	**40**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	240,577	40,496	4	-	241,506	45,906	-	-
16 a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
16 b. Non Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liability (14+15+16)	**240,577**	**40,496**	**4**	**-**	**241,506**	**45,906**	**-**	**-**
18. Total Liability (13+17)	**343,510**	**57,757**	**57**	**46**	**473,208**	**89,886**	**48**	**40**
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)	**1,235,215**	**207,914**	**31**	**(35)**	**1,087,722**	**206,603**	**138**	**(29)**
21. Position of Net Monetary Units of Foreign Currency Assets / (Liabilities) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(175,729)**	**(29,571)**	**(5)**	**(35)**	**(174,882)**	**(33,386)**	**130**	**(29)**
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	-	-	-	-	-	-	-	-

(*) Continuing and discontinued operations are explained together the foreign currency position table

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

40. FINANCIAL RISK MANAGEMENT (continued)

The concentrations of assets, liabilities and off-balance sheet items in terms of currencies

	TL	US Dollars	Euro	Others	Total
At 31 December 2019					
Assets from continuing operations					
Cash and balances with the Central Bank	532	183	-	-	715
Deposits with banks and other financial institutions	36,032	99,217	318	11	135,578
Reserve deposits at the Central Bank	-	55	-	-	55
Financial assets at fair value through profit or loss	1,517	802,907	-	-	804,424
Loans and advances, net	232,651	16,674	-	-	249,325
Factoring receivables, net	236,157	-	-	-	236,157
Finance lease receivables, net	-	4	7	-	11
Unquoted equity instruments	377	-	-	-	377
Assets held for sale	312	-	-	-	312
Property and equipment, net	3,683	643,274	-	-	646,957
Right of use assets	8,528	-	-	-	8,528
Intangible assets, net	500	-	-	-	500
Prepaid expenses	525	1,412	50	-	1,987
Prepaid income tax	195	-	208	-	403
Deferred tax asset	2,382	-	-	-	2,382
Trade and other receivables and other assets	9,121	14,405	-	-	23,526
Total assets	**532,512**	**1,578,131**	**583**	**11**	**2,111,237**
Liabilities from continuing operations					
Derivative financial liabilities					
Liabilities from money market transactions					
Funds borrowed	164,364	310,032	-	-	474,396
Lease liabilities	9,046	-	277	-	9,323
Borrowers' funds	3,965	30,340	14	-	34,319
Factoring payables	1,115	-	29	46	1,190
Liabilities arising from finance leases	3	20	18	-	41
Deferred income	13	1,824	10	-	1,847
Income taxes payable	6,368	-	-	-	6,368
Provisions	7,590	-	-	-	7,590
Debt provisions	3,794	-	-	-	3,794
Deferred tax liability	27,091	-	-	-	27,091
Trade and other payables and other liabilities	9,429	876	24	-	10,329
Total liability	**232,778**	**343,092**	**372**	**46**	**576,288**
Net balance sheet position	**299,734**	**1,235,039**	**211**	**(35)**	**1,534,949**
Net off-balance sheet position	**-**	**-**	**-**	**-**	**-**
Net notional amount of derivatives from continuing operations	-	-	-	-	-
At 31 December 2018					
Total assets	**345,534**	**1,559,800**	**1,119**	**11**	**1,906,464**
Total liabilities	**106,103**	**472,877**	**291**	**40**	**579,311**
Net balance sheet position	**239,431**	**1,086,923**	**828**	**(29)**	**1,327,153**
Net off-balance sheet position	**-**	**-**	**-**	**-**	**-**

INTEREST RATE RISK

Interest rate risk is the probability of loss due to changes in interest rates depending on the Group's position regarding the interest bearing financial instruments. Interest rate risk arises as a result of maturity mismatch on re-pricing of assets and liabilities, changes in the correlation between interest rates of different financial instruments and unexpected changes in the shape and slope of yield curves. Exposure to interest rate risk arises when there is a mismatch between rate sensitive assets and liabilities. The Group handles the interest rate risk within the context of market risk and asset-liability management. The Group monitors the interest rates in the market on a daily basis and updates its interest rates when necessary. The table below summarizes the Group's exposure to interest rate risk on the basis of the remaining period at the reporting date to the re-pricing date.

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

40. FINANCIAL RISK MANAGEMENT (continued)

INTEREST RATE RISK (continued)

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2019								
Assets from continuing operations								
Cash and balances with the Central Bank	714	-	-	-	-	-	1	715
Deposits with banks and other financial institutions	108,594	20,207	4,772	-	-	-	2,005	135,578
Reserve deposits at the Central Bank	55	-	-	-	-	-	-	55
Unquoted equity instruments	-	-	-	-	-	-	377	377
Financial assets– fair value through profit/loss	-	-	-	-	-	-	804,424	804,424
Assets held for sale	-	-	-	-	-	-	312	312
Property and equipment, net	-	-	-	-	-	-	646,957	646,957
Right of use assets	-	-	-	-	-	-	8,528	8,528
Loans and advances, net	67,448	146,951	19,328	3,051	8,707	109	3,731	249,325
Factoring receivables, net	65,235	132,727	31,511	6,300	384	-	-	236,157
Finance lease receivables, net	11	-	-	-	-	-	-	11
Intangible assets, net	-	-	-	-	-	-	500	500
Prepaid expenses	-	-	-	-	-	-	1,987	1,987
Prepaid income tax	-	-	-	-	-	-	403	403
Deferred tax asset	-	-	-	-	-	-	2,382	2,382
Trade and other receivables and other assets	9,124	-	-	-	-	-	14,402	23,526
Total assets	**251,181**	**299,885**	**55,611**	**9,351**	**9,091**	**109**	**1,486,009**	**2,111,237**
Liabilities from continuing operations								
Payables from leasing activities	-	-	-	-	-	-	41	41
Tax liability on current period operations	-	-	-	-	-	-	6,368	6,368
Payables from money market transactions	-	-	-	-	-	-	-	-
Loans received	104,694	70,007	40,491	18,650	240,554	-	-	474,396
Lease liabilities	34	69	109	235	578	-	8,298	9,323
Borrower funds	10	3,087	-	29,844	-	-	1,378	34,319
Deferred income	1,004	-	-	-	-	-	843	1,847
Factoring payables	-	1,190	-	-	-	-	-	1,190
Provisions for employee benefits	-	-	-	-	-	-	7,590	7,590
Debt provisions	-	-	-	-	-	-	3,794	3,794
Deferred tax liability	-	-	-	-	-	-	27,091	27,091
Trade and other payables and other liabilities	873	-	-	-	-	-	9,456	10,329
Total liability	**106,615**	**74,353**	**40,600**	**48,729**	**241,132**	**-**	**64,859**	**576,288**
Total interest sensitivity gap	**144,566**	**225,532**	**15,011**	**(39,378)**	**(232,041)**	**109**	**1,421,150**	**1,534,949**
At 31 December 2018								
Total assets	**372,899**	**139,095**	**50,346**	**2,860**	**318**	**124**	**1,340,822**	**1,906,464**
Total liabilities	**100,214**	**98,075**	**22,661**	**65,530**	**241,506**	**-**	**51,325**	**579,311**
Total interest sensitivity gap	**272,685**	**41,020**	**27,685**	**(62,670)**	**(241,188)**	**124**	**1,289,497**	**1,327,153**

Interest Rate Sensitivity Analysis

Interest Risk Position Table			
		31 December 2019	**31 December 2018**
Financial instruments carried at fair value			
Financial Assets	Financial assets– fair value through profit/loss	-	-
Financial Liabilities		-	-
Financial instruments carried at other than fair value			
Floating interest rate financial instruments			
Financial Assets		-	-
Financial Liabilities		274,059	274,759
Fixed interest rate financial instruments			
Financial Assets		625,228	565,642
Financial Liabilities		237,370	253,227

40. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity Analysis for Interest Rate Risk for the Financial Instruments Carried at Fair Value

At 31 December 2019 and 31 December 2018, if interest rates at that date had been 1 per cent higher with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2019 and 31 December 2018 would have been TL 0 and TL 0 lower, respectively, and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 lower as at those dates, respectively.

At 31 December 2019 and 31 December 2018, if interest rates at that date had been 1 per cent lower with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2019 and 31 December 2018 would have been TL 0 and TL 0 higher, respectively and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 higher as at those dates, respectively.

Sensitivity Analysis for Interest Rate Risk for the Financial Instruments Carried at Other Than Fair Value

If interest rates at 31 December 2019 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2020 to 31 March 2020 would have been TL 774 and TL 285 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 489 and TL 489 higher, respectively.

If interest rates at 31 December 2019 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2020 to 31 March 2020 would have been TL 774 and TL 285 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 489 and TL 489 lower, respectively.

If interest rates at 31 December 2018 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2019 to 31 March 2019 would have been TL 980 and TL 290 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 690 and TL 655 higher, respectively.

If interest rates at 31 December 2018 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2019 to 31 March 2019 would have been TL 980 and TL 290 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 690 and TL 655 lower, respectively.

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

40. FINANCIAL RISK MANAGEMENT (continued)

Collaterals, pledges, mortgages and guarantees given by the Group

According to a regulation of the Capital Markets Board of Turkey dated 9 September 2009, 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.

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 (***)(****)	-	184,249	-	-	184,249
7.Subsidiary share pledge given as collateral against cash loans (***)(****)	-	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 (*)	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 (***) (****)	-	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. 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**

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

Collaterals, pledges, mortgages and guarantees given by the Group (continued)

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**	**31 December 2018**				
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**33**	**353,340**	**-**	**-**	**353,373**
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	33	1,316	-	-	1,349
6.Mortgage given as collateral against cash loans(***)(****)	-	187,600	-	-	187,600
7.Subsidiary share pledge given as collateral against cash loans(***)(****)	-	164,424	-	-	164,424
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**44,062**	**803,505**	**-**	**-**	**847,567**
1. Guarantees given as collateral against cash loans (*)	43,606	716,346	-	-	759,952
2. Guarantees given as collateral against derivative contracts	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	456	-	-	-	456
5. Mortgage given as collateral against cash loans (***)(****)	-	87,159	-	-	87,159
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	**973,215**	**346,942**	**121,913**	**-**	**1,442,070**
1. Non-cash loans given by the Group Bank	973,215	346,942	121,913	-	1,442,070
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. 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	**1,017,310**	**1,503,787**	**121,913**	**-**	**2,643,010**

(*) 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.

(**) Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholders indicate the total amount related to Mehmet Turgut Yılmaz, the chairman of the Board of Directors of the Company, and Delta Group Companies which are under his control.

(***) The dry bulk cargo ships named M/V Cano and M/V Hako owned by Cano Maritime Limited and Hako Maritime Limited respectively, and the 100% shares 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.

(****) 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 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 2018, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 20.19%.

As at 31 December 2019, the rate of the other collaterals, pledges, mortgages and guarantees given by the Group to shareholders' equity is 0% (31 December 2018: 0%).

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

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

	31 December 2019		31 December 2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans and advances to customers	249,325	249,325	210,352	210,352
Finance lease receivables	11	11	26	26
Factoring receivables	236,157	236,157	105,760	105,760
Total	**485,493**	**485,493**	**316,138**	**316,138**
Financial liabilities				
Funds borrowed	474,396	474,398	430,590	430,620
Lease liabilities	9,323	9,323	-	-
Factoring payables	1,190	1,190	1,430	1,430
Total	**484,909**	**484,911**	**432,020**	**432,020**

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 carrying 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)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The fair value hierarchy of the financial assets and liabilities of the Group carried at fair value according to the foregoing principles as at 31 December 2019 and 31 December 2018 is given in the table below:

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**
Liabilities				
Derivative liabilities held for trading	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

31 December 2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit/loss	-	720,328	1,517	**721,845**
Derivative assets held for trading	-	-	-	**-**
Total	**-**	**720,328**	**1,517**	**721,845**
Liabilities				
Derivative liabilities held for trading	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

42. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2020, the Board Meeting of GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş., in accordance with paragraph 2 of article 6 of the Capital Market Board Communique No II-18.1 of the Capital Markets Board, the validity period of the existing registered capital ceiling of company expired in 2019.The Company's Articles of Association, titled "Registered Capital", has been amended to keep the registered capital ceiling of the Company, which is TL 250,000,000, until the end of 2024 (5 years), and the Company applying to for the Capital Markets Board and the Turkish Ministry of Customs and Trade to obtain the necessary permit, following the legal permissions regarding the amendment of the Articles of Association, it was unanimously decided to submit to the approval of the General Assembly of the Company.

GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. sold shares back amounting 171,684 and 271,042 on 29 January 2020 and 5 February 2020 respectively. The actual loss / gain amount is TL 482,299 and TL 726,247.

By the Board of Directors' decision dated 3 February 2020 of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., the receivables from its subsidiaries amounting USD 8,500,000 from Cano Maritime Ltd. and USD 3,200,000 from Hako Maritime Ltd are decided to convert into a capital share in the capital increases to be made by these subsidiaries as fully paid up capital. And for this purpose, "Capital Participation Agreements" are signed and other necessary works and transactions are carried to use these receivables as capital increases to be made by these subsidiaries.

43. OTHER ISSUES

The purchase of the 15 % shares of Silopi Elektrik Üretim A.Ş. by GSD Holding A.Ş. from Park Holding 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 US$ 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.

Silopi Elektrik Üretim A.Ş. and Borsa İstanbul A.Ş. shares that are classified in the available-for-sale financial assets, have started to be carried in the financial assets at fair value through profit or loss in accordance with transition to IFRS 9. The income accrual of TL 22,276 calculated in proportion to the number of days to the end of period as at 31 December 2019 based on the minimum yearly dividend guarantee of US$ 3,750,000 stated in the agreement which has been classified under "Other Income from Investment Activities" recognised cumulatively in the equity in the consolidated IFRS statement of financial position of the Group as at 31 December 2019 and recognised as remeasurement gain under "Profit or Loss" in the consolidated IFRS statement of comprehensive income of the Group for the period ended 31 December 2019.

The Share Buy-Back

Between 30 June 2015 and 14 December 2017, 90,000,000 (full) Company shares amounting to TL 56,418,123.54, TL 0.63 for each share, were repurchased by the Company from Borsa Istanbul share. The proportion of bought back shares at the reporting date on 10 March 2020 is 20.00% of paid-in capital of TL 450,000,000 registered on 30 November 2016 and there is no remaining amount to be repurchased.

With the announcements made on 21 July 2016 and 25 July 2016, GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. repurchased 3,411,059 (full) Company shares with a price of TL 3,222,647.20, TL 0.94 for each share, from Borsa İstanbul between 26 July 2016 and 14 November 2018.

The shares taken back by GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. are deducted from the capital, GSD Holding's share in GSD Denizcilik increased from 77.958% to 83.411%. As GSD Denizcilik owns 1.98% of GSD Faktoring A.Ş.'s share capital, as a result of these transactions,indirect shareholding rate of GSD Holding A.Ş. in GSD Faktoring A.Ş. increased by 0.11% and the total direct and indirect share increased from 89.55% to 89.66%. GSD Holding A.Ş.'s direct and indirect total share in GSD Faktoring A.Ş.'s capital is 89.66%.

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 35.18%, regarding the shares of GSD Holding A.Ş., 25.50% of Mehmet Turgut Yılmaz, 4.50% of MTY Delta Denizcilik İç ve Dış Ticaret A.Ş., 20.00% of GSD Holding A.Ş. and 0.14% Adeo Turizm Otelcilik Limited Şirketi, which in total adds up to 50.14%, act in unison.

As at 31 December 2019 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 calculation deducted from capital.

43. OTHER ISSUES (continued)

Paid in capital without charge from amounting full TL 250,000,000 to amounting full TL 450,000,000, GSD Holding has increased its shares 80% nominally. The Company requested opinion from CMB within the scope of the article 520 of the Turkish Commercial Code No: 6102 to separate excess reserve those shares aforementioned.

According to CMB's 36231672-045.01-E.1473 numbered opinion, for the purpose of traceability of repurchased shares related with free shares are classified under shareholder's equity on the account "buy-backed shares(-)" and recorded as counterpart with "reserves on retained earnings". With this presentation there is no change or effect on retained earnings and total shareholder's equity in consolidated financial statements.

Giving Additional Time From the CMB Regarding the Disposal of the Buy-Back Shares

Capital Markets Board decided to give the Company an additional 18 months in response to the additional time request made by the Company on 28 March 2019 within the framework of the announcement of the Capital Markets Board dated 21 July 2016 and the additional announcement dated 25 July 2016 related with the third article of Article 19-II.1 of the Communique on Buy-Shares for the disposal of shares exceeding 10% of the capital repurchased regarding the three-year disposal period.

Capital Increase of GSD GSD Shipping B.V.

On 24 September 2018, at the meeting of the board of directors of GSD Holding A.Ş., it has been decided to increase the existing capital of GSD Shipping B.V., a 100% subsidiary of GSD Holding USD 30 million to USD 40 million with a cash increase of USD 10 million and increase the registered capital ceiling of GSD Shipping B.V. from USD 40 million to USD 50 million. All of the increased capital was fully paid by GSD Holding A.Ş.

Delivery of M/V Mila Ship of Mila Maritime Limited

Purchase of one dry cargo ship has been completed by Malta originated subsidiary Mila Maritime Ltd fully owned by GSD Shippng B.V., which is established in the Netherlands as fully owned subsidiary of GSD Holding A.Ş. and the ship was delivered on 24 May 2018. Mila Maritime Limited has rented its dry cargo vessel M / V Mila, starting from 25 May 2018 with leasing contracts within time charter.

Sale of Zeyno Maritime Limited to GSD Shipping B.V.

On 6 June 2018, Zeyno fully owned by GSD Marin has been sold to GSD Shipping B.V. established on 19 October 2016 domiciled in the Netherlands with a price of USD 5,883,290.06. Price has been determined according to valuation report.

Sale of Dodo Maritime Limited and Neco Maritime Limited to GSD Shipping B.V.

On 6 December 2018, Dodo fully owned by GSD Marin has been sold to GSD Shipping B.V. established on domiciled in the Netherlands with a price of USD 1,773,000. Price has been determined according to valuation report and Neco fully owned by GSD Marin has been sold to GSD Shipping B.V. domiciled in the Netherlands with a price of USD 5,336,000. Price has been determined according to valuation report.

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.

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

44. CASH FLOWS

Cash and cash equivalents in the statement of cash flows:

Continuing operations	31 December 2019	31 December 2018
Cash on hand and balances with the Central Bank	715	5,441
Banks and financial institutions	135,578	236,459
Receivables from money market	-	5,003
Reserve requirements	55	2,594
Cash and cash equivalents in the statement of financial position	**136,348**	**249,497**
Less: Required reserve	(55)	(2,594)
Less: Accured interest	(107)	(364)
Less: Blocked amount (*)	(1,486)	(1,316)
Cash and cash equivalents in the statement of cash flows	**134,700**	**245,223**

(*) It consists of blocked amount related to bank loan used for ship purchase financing of Hako Maritime Limited.

45. DISCLOSURES REGARDING STATEMENT OF CHANGES IN EQUITY

The Group has transferred "Remeasurement Profit / Loss of Defined Benefit Plans" amounting to TL 60 in shareholders' equity dated 31 December 2018 as at 1 January 2019 to "Retained Earnings" in shareholders' equity.

Comprehensive disclosures about the statement of changes in shareholders' equity are presented in Note 30 Share Capital / Treasury Shares.

46. CONVENIENCE CONVERSİON 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 5.9402 TL/USD prevailing on 31 December 2019. For the prior year's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 5.2609 TL/USD prevailing on 31 December 2018. 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 31 December 2019

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

	31 December 2019	31 December 2018
Assets		
Cash and balances with the Central Bank	120	1,034
Deposits with other banks and financial institutions	22,824	44,946
Receivables from money market	-	951
Reserve deposits at the Central Bank	9	493
Financial assets at fair value through profit or loss	135,420	137,209
Financial assets at fair value through other comprehensive income	-	-
Unquoted equity instruments	63	72
Loans and advances to customers, net	41,972	39,984
Factoring receivables, net	39,756	20,103
Finance lease receivables, net	2	5
Trade receivables, net	1,916	1,199
Other receivables, net	1,168	2,435
Inventories	511	715
Prepaid expenses	335	348
Assets held for sale from continuing operations	53	14
Property and equipment	108,912	111,449
Right of use assets	1,436	-
Intangible assets	84	77
Prepaid income tax	68	568
Deferred tax assets	401	441
Other assets	365	340
Total assets	**355,415**	**362,383**
Liabilities		
Funds borrowed	79,862	81,847
Lease liabilities	1,569	-
Other money market deposits	-	3,519
Borrowers' funds	5,777	14,662
Factoring payables	200	272
Liabilities arising from finance leases	7	11
Derivative liabilities held for trading	-	-
Trade payables	207	46
Other payables	1,530	2,817
Current tax liability	1,072	825
Deferred income	311	587
Provisions	1,916	1,336
Deferred tax liabilities	4,561	4,188
Other liabilities	4	4
Total liabilities	**97,016**	**110,114**
Equity		
Share capital	90,230	101,882
Treasury shares	(15,322)	(17,301)
Share premium	832	940
Changes in non-controlling interests without loss of control	-	(73)
Remeasurements of the net defined benefit liability (asset)	(112)	(11)
Fair value reserve	-	-
Translation reserve	35,151	31,778
Retained earnings	114,993	74,195
Net profit for the period	27,573	55,730
Equity attributable to equity holders of the parent	**253,345**	**247,140**
Non-controlling interests	**5,054**	**5,129**
Total equity	**258,399**	**252,269**
Total liabilities and equity	**355,415**	**362,383**

Consolidated Income Statement
For the Year Ended 31 December 2019

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

CONTINUING OPERATIONS	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Holding activities income	-	-
Holding activities expense (-)	-	-
Gross profit/(loss) from holding activities	-	-
Marine sector income	19,620	19,818
Marine sector expense (-)	(16,437)	(14,255)
Gross profit/(loss) from marine sector operations	**3,183**	**5,563**
Gross profit/(loss) from commercial sector operations	**3,183**	**5,563**
Interest income	20,188	22,370
Service income	5,219	3,462
Revenue from financial sector operations	**25,407**	**25,832**
Interest expense (-)	(5,056)	(7,080)
Service expense (-)	(216)	(270)
Cost of financial sector operations (-)	**(5,272)**	**(7,350)**
Provision income/(expense) arising from financial sector operations, net	**(358)**	**(585)**
Foreign exchange gain/(loss), net	**25**	**1,979**
Trading income, net	**45**	**56**
Other financial sector operations income/(expense), net	**133**	**263**
Gross profit/(loss) from financial sector operations	**19,980**	**20,195**
GROSS PROFIT/(LOSS)	**23,163**	**25,758**
Administrative expenses (-)	(7,535)	(8,022)
Other income from operating activities	4,606	10,523
Other expense from operating activities (-)	(1,254)	(5,004)
OPERATING PROFIT/(LOSS)	**18,980**	**23,255**
Income from investment activities	18,542	51,067
Expense from investment activities (-)	(4)	-
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**37,518**	**74,322**
Financing income	-	-
Financing expenses (-)	(4,700)	(7,719)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**32,818**	**66,603**
Tax income/(expense) from continuing operations	**(5,166)**	**(9,545)**
Current tax income/(expense)	(4,297)	(6,247)
Deferred tax income/(expense)	(869)	(3,298)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**27,652**	**57,058**
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)	**27,652**	**57,058**
Net profit/(loss) (continuing and discontinued operations) attributable to:		
Non-controlling interest	79	1,328
Equity holders of the company	27,573	55,730
Net profit/(loss) (continuing operations) attributable to:		
Non-controlling interest	79	1,328
Equity holders of the company	27,573	55,730
Net profit/(loss) (discontinued operations) attributable to:		
Non-controlling interest	-	-
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	0.077	0.155
Earnings per share from discontinued operations	0.000	0.000

Consolidated Statement Of Profit Or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

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

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
NET PERIOD PROFIT / (LOSS)	**27,652**	**57,058**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income which will be not reclassified in profit or loss	**(117)**	**(12)**
Remeasurements of the net defined benefit liability (asset)	(117)	(12)
Other comprehensive income which will be reclassified in profit or loss	**7,446**	**18,529**
Change in currency translation differences	7,446	18,529
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets		-
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**7,329**	**18,517**
TOTAL COMPREHENSIVE INCOME	**34,981**	**75,575**
Total comprehensive income attributable to:		
Non-controlling interest	**512**	**1,434**
Equity holders of the company	**34,469**	**74,139**