

**GSD Holding  
Anonim Şirketi**

Condensed Consolidated Interim Financial Information  
As at and For the Six-Month Period Ended  
30 June 2018  
Together With Auditors' Report on Review of  
Condensed Consolidated Interim Financial Information

*17 August 2018*

*This report includes 2 pages of auditors' review report and 58 pages of condensed consolidated financial information together with explanatory notes.*

## **GSD Holding Anonim Şirketi**

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

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

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of GSD Holding A.Ş. ("the Company") as at 30 June 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standards 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

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



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at and for the six-month period ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

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

A handwritten signature in blue ink, appearing to read 'Orhan Akova'.

Orhan Akova  
*Partner*

17 August 2018  
Istanbul, Turkey

## GSD Holding Anonim Şirketi

### Condensed Consolidated Interim Statement of Financial Position As at 30 June 2018

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

	Notes	30 June 2018	31 December 2017
<b>Assets</b>			
Cash and balances with the Central Bank	4	6,243	5,471
Deposits with other banks and financial institutions	4	164,862	111,848
Reserve deposits at the Central Bank	4	8,511	9,872
Financial assets– fair value through profit/loss	5	597,189	-
Available-for-sale investment securities	5	-	499,976
Unquoted equity instruments	1,5	377	377
Derivative assets held for trading		-	-
Loans and advances to customers, net	8	277,920	193,667
Factoring receivables, net	8	288,517	345,586
Finance lease receivables, net	8	23	21
Trade receivables, net	7	5,765	3,133
Other receivables, net	17	3,646	2,690
Assets held for sale from continuing operations	20	76	53,626
Property and equipment	11	518,782	370,206
Intangible assets	12	277	261
Prepaid income tax	15	15	20
Deferred tax assets	15	2,626	2,240
Inventories	9	982	970
Prepaid expenses		2,622	1,240
Other assets	18	1,652	1,393
<b>Total assets</b>		<b>1,880,085</b>	<b>1,602,597</b>
<b>Liabilities</b>			
Funds borrowed	8	552,575	515,620
Other money market deposits	8	75,332	60,754
Borrowers' funds	8	64,860	45,292
Factoring payables	8	2,796	1,812
Liabilities arising from finance leases	8	47	94
Derivative liabilities held for trading		972	1,569
Trade payables	7	1,618	795
Other payables	17	5,648	3,786
Current tax liability	15	6,390	1,797
Deferred income		1,565	892
Provisions	16,22	4,342	4,944
Deferred tax liabilities	15	18,554	13,750
Other liabilities	18	13	10
<b>Total liabilities</b>		<b>734,712</b>	<b>651,115</b>
<b>Equity</b>			
	19		
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		-	(765)
Remeasurements of the net defined benefit liability (asset)		(34)	(66)
Fair value reserve		-	22,361
Translation reserve		117,533	69,468
Prior years' profits		412,695	333,029
Net profit for the period		141,484	56,776
<b>Equity attributable to equity holders of the parent</b>		<b>1,121,591</b>	<b>930,716</b>
<b>Non-controlling interests</b>		<b>23,782</b>	<b>20,766</b>
<b>Total equity</b>		<b>1,145,373</b>	<b>951,482</b>
<b>Total liabilities and equity</b>		<b>1,880,085</b>	<b>1,602,597</b>

The accompanying policies and explanatory notes on pages 6 through 58 form an integral part of these consolidated financial statements.

## GSD Holding Anonim Şirketi

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Six-Month Period Ended 30 June 2018

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

CONTINUING OPERATIONS	Notes	01.01.2018 30.06.2018	01.01.2017 30.06.2017
Holding activities income		-	-
Holding activities expense (-)		-	-
<b>Gross profit/(loss) from holding activities</b>		-	-
Marine sector income		38,548	27,103
Marine sector expense (-)		(30,561)	(25,575)
<b>Gross profit/(loss) from marine sector operations</b>		<b>7,987</b>	<b>1,528</b>
<b>Gross profit/(loss) from commercial sector operations</b>		<b>7,987</b>	<b>1,528</b>
Interest income		56,575	50,913
Service income		7,012	4,135
<b>Revenue from financial activities</b>		<b>63,587</b>	<b>55,048</b>
Interest expense (-)		(23,543)	(15,170)
Service expense (-)		(740)	(410)
<b>Cost of financial activities (-)</b>		<b>(24,283)</b>	<b>(15,580)</b>
<b>Provision income/(expense) arising from financial sector operations, net</b>		<b>(414)</b>	<b>2,163</b>
<b>Foreign exchange gain/(loss), net</b>		<b>2,460</b>	<b>(2,136)</b>
<b>Net trading income / (loss) from derivative financial instruments</b>		<b>176</b>	-
<b>Other financial sector operations income/(expense), net</b>		<b>1,089</b>	<b>31</b>
<b>Gross profit/(loss) from financial sector operations</b>		<b>42,615</b>	<b>39,526</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>50,602</b>	<b>41,054</b>
Administrative expenses (-)		(23,594)	(15,800)
Other income from operating activities		15,932	7,200
Other expense from operating activities (-)		(681)	(6,494)
<b>OPERATING PROFIT/(LOSS)</b>		<b>42,259</b>	<b>25,960</b>
Income from investment activities	20	135,619	672
Expense from investment activities (-)		-	(1,601)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES</b>		<b>177,878</b>	<b>25,031</b>
Financing income		-	-
Financing expenses (-)		(19,177)	(6,949)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>158,701</b>	<b>18,082</b>
<b>Tax income/(expense) from continuing operations</b>		<b>(16,948)</b>	<b>(5,467)</b>
Current tax income/(expense)	15	(12,600)	(5,617)
Deferred tax income/(expense)	15	(4,348)	150
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>141,753</b>	<b>12,615</b>
<b>Discontinued operations</b>	20	-	-
<b>Profit/(loss) before tax from discontinued operations</b>	20	-	-
<b>Tax income/(expense) from discontinued operations</b>	20	-	-
Current tax income/(expense)	20	-	-
Deferred tax income/(expense)	20	-	-
<b>Gain or loss relating to the discontinuance, net</b>	20	-	-
Gain or loss relating to the discontinuance	20	-	-
The cost to sell the discontinued operations	20	-	-
Tax expense relating to the discontinuance	20	-	-
<b>NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	20	-	-
<b>NET PROFIT/(LOSS)</b>		<b>141,753</b>	<b>12,615</b>
<b>Net profit/(loss) (continuing and discontinued operations) attributable to:</b>			
Non-controlling interest	19	269	(703)
Equity holders of the company		141,484	13,318
<b>Net profit/(loss) (continuing operations) attributable to:</b>			
Non-controlling interest		269	(703)
Equity holders of the company	25	141,484	13,318
<b>Net profit/(loss) (discontinued operations) attributable to:</b>			
Non-controlling interest		-	-
Equity holders of the company	25	-	-
<b>Earnings per share (in full TL per share with a nominal value of full TL 1)</b>			
Earnings per share from continuing operations	25	<b>0.393</b>	<b>0.037</b>
Earnings per share from discontinued operations	25	<b>0.000</b>	<b>0.000</b>

The accompanying policies and explanatory notes on pages 6 through 58 form an integral part of these consolidated financial statements.

## GSD Holding Anonim Şirketi

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Six-Month Period Ended 30 June 2018

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

	<b>01.01.2018</b>	<b>01.01.2017</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>
<i>Notes</i>		
<b>NET PERIOD PROFIT / (LOSS)</b>	<b>141,753</b>	<b>12,615</b>
<b><u>Other comprehensive income which will be not reclassified in profit or loss</u></b>	<b>(35)</b>	<b>(39)</b>
Remeasurements of the net defined benefit liability (asset)	(35)	(39)
<b><u>Other comprehensive income which will be reclassified in profit or loss</u></b>	<b>51,113</b>	<b>6,727</b>
Change in currency translation differences	51,113	(733)
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	7,460
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>	<b>51,078</b>	<b>6,688</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>192,831</b>	<b>19,303</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interest	<b>3,316</b>	<b>(816)</b>
Equity holders of the company	<b>189,515</b>	<b>20,119</b>

The accompanying policies and explanatory notes on pages 6 through 58 form an integral part of these consolidated financial statements.

**GSD Holding Anonim Şirketi**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Six-Month Period Ended 30 June 2018**  
*(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)*

	Notes	Share capital	Inflation adjustment to share capital	Treasury shares	Share premium	Changes in non-controlling interests without loss of control	Other accumulated comprehensive income and expense which will be not be reclassified in profit or loss	Other accumulated comprehensive income and expense which will be reclassified in profit or loss		Accumulated profits	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
							Remeasurements of the net defined benefit liability (asset)	Translation reserve	Fair value reserve	Retained earnings			
<b>At 1 January 2017</b>	<b>19</b>	<b>450,000</b>	<b>85,986</b>	<b>(90,420)</b>	<b>4,945</b>	<b>-</b>	<b>(375)</b>	<b>54,988</b>	<b>9,769</b>	<b>333,404</b>	<b>848,297</b>	<b>25,357</b>	<b>873,654</b>
<b>Transfers</b>		-	-	-	-	-	<b>375</b>	-	-	<b>(375)</b>	-	-	-
Transfer to retained earnings		-	-	-	-	-	375	-	-	(375)	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	-	<b>(31)</b>	<b>(628)</b>	<b>7,460</b>	<b>13,318</b>	<b>20,119</b>	<b>(816)</b>	<b>19,303</b>
Net profit		-	-	-	-	-	-	-	-	13,318	13,318	(703)	12,615
Other comprehensive income		-	-	-	-	-	(31)	(628)	7,460	-	6,801	(113)	6,688
<b>Transactions with owners in their capacity as owners recognized in equity</b>		-	-	<b>2,601</b>	-	<b>(771)</b>	-	<b>3,022</b>	-	-	<b>4,852</b>	<b>(4,852)</b>	-
<b>Dividends</b>		-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase/decrease arising from treasury share transactions</b>		-	-	<b>2,601</b>	-	-	-	-	-	-	<b>2,601</b>	-	<b>2,601</b>
<b>Increase/decrease arising from changes without resulting loss of control in share ratios of subsidiaries</b>		-	-	-	-	<b>(771)</b>	-	<b>3,022</b>	-	-	<b>2,251</b>	<b>(4,852)</b>	<b>(2,601)</b>
Increase/decrease arising from repurchased shares in share ratios of subsidiaries		-	-	-	-	(771)	-	3,022	-	-	2,251	(4,852)	(2,601)
<b>At 30 June 2017</b>	<b>19</b>	<b>450,000</b>	<b>85,986</b>	<b>(87,819)</b>	<b>4,945</b>	<b>(771)</b>	<b>(31)</b>	<b>57,382</b>	<b>17,229</b>	<b>346,347</b>	<b>873,268</b>	<b>19,689</b>	<b>892,957</b>
<b>At 1 January 2018</b>	<b>19</b>	<b>450,000</b>	<b>85,986</b>	<b>(91,018)</b>	<b>4,945</b>	<b>(765)</b>	<b>(66)</b>	<b>69,468</b>	<b>22,361</b>	<b>389,805</b>	<b>930,716</b>	<b>20,766</b>	<b>951,482</b>
<b>Adjustments related with changes in accounting policies</b>		-	-	-	-	-	-	-	(22,361)	24,044	1,683	-	<b>1,683</b>
<b>Transfers</b>		-	-	-	-	<b>765</b>	<b>66</b>	-	-	<b>(1,154)</b>	<b>(323)</b>	-	<b>(323)</b>
Transfer to retained earnings		-	-	-	-	765	66	-	-	(1,154)	(323)	-	(323)
<b>Total comprehensive income</b>		-	-	-	-	-	<b>(34)</b>	<b>48,065</b>	-	<b>141,484</b>	<b>189,515</b>	<b>3,316</b>	<b>192,831</b>
Net profit		-	-	-	-	-	-	-	-	141,484	141,484	269	141,753
Other comprehensive income		-	-	-	-	-	(34)	48,065	-	-	48,031	3,047	51,078
<b>Transactions with owners in their capacity as owners recognized in equity</b>		-	-	-	-	-	-	-	-	-	-	<b>(300)</b>	<b>(300)</b>
<b>Dividends</b>		-	-	-	-	-	-	-	-	-	-	<b>(300)</b>	<b>(300)</b>
Dividend paid to non-controlling interest by subsidiaries		-	-	-	-	-	-	-	-	-	-	(300)	(300)
<b>Increase/decrease arising from treasury share transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase/decrease arising from changes without resulting loss of control in share ratios of subsidiaries</b>		-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from repurchased shares in share ratios of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2018</b>	<b>19</b>	<b>450,000</b>	<b>85,986</b>	<b>(91,018)</b>	<b>4,945</b>	<b>-</b>	<b>(34)</b>	<b>117,533</b>	<b>-</b>	<b>554,179</b>	<b>1,121,591</b>	<b>23,782</b>	<b>1,145,373</b>

The accompanying policies and explanatory notes on pages 6 through 58 form an integral part of these consolidated financial statements.



**GSD Holding Anonim Şirketi**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**For the Six-Month Period Ended 30 June 2018**  
(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	01.01.2018 30.06.2018	01.01.2017 30.06.2017
<b>Cash flows from operating activities of continuing operations</b>			
Marine sector income		38,548	27,103
Marine sector expenses		(19,157)	(16,810)
Interest received from financial sector activities		50,655	48,851
Interest paid for financial sector activities		(22,175)	(16,902)
Service income from financial sector activities		7,012	4,135
Cost of service for financial sector activities		(740)	(410)
Cash receipts from derivative contracts held for dealing or trading purposes		12,778	8,447
Cash payments for derivative contracts held for dealing or trading purposes		(3,953)	(10,038)
Cash payments to employees and other parties		(22,945)	(15,033)
Cash received from other operating activities		1,354	275
Cash paid for other operating activities		(106)	(321)
Interest received from operating activities apart from financial sector activities		3,908	993
Income taxes paid	15	(9,124)	(4,476)
<b>Net cash provided by operating activities before changes in operating assets and liabilities from continuing operations</b>		<b>36,055</b>	<b>25,814</b>
<b>Net cash provided by operating activities before changes in operating assets and liabilities from discontinued operations</b>			<b>-</b>
<b>Changes in operating assets and liabilities of continuing operations</b>			
Change in reserve deposits at Central Bank		1,377	5,454
Change in loans and advances to customers		(78,367)	12,838
Change in factoring receivables		57,180	26,654
Change in finance lease receivables		(361)	64
Change in other assets		(4,574)	(12,681)
Change in payables due to money market transactions		14,578	28,638
Change in borrowers' funds		19,547	(6,812)
Change in factoring payables		984	394
Change in liabilities arising from finance leases		(47)	(190)
Change in other liabilities		1,588	2,813
<b>Net cash (used in) / provided by operating activities from continuing operations</b>		<b>47,960</b>	<b>82,986</b>
<b>Net cash (used in) / provided by operating activities from discontinued operations</b>			<b>-</b>
<b>Cash flows from investing activities of continuing operations</b>			
Proceeds from sale and redemption of available for sale securities		-	973
Proceeds from sale of property held for sale	20	79,216	1,211
Proceeds from sale of property and equipment	11	22	-
Purchases of property and equipment	11	(71,821)	(598)
Purchases of intangible assets	12	(59)	(44)
Interest received from investing activities		-	642
Other cash receipts from/cash payments for investing activities		11,513	(79)
<b>Net cash (used in) / provided by investing activities from continuing operations</b>		<b>18,871</b>	<b>2,105</b>
<b>Net cash (used in) / provided by investing activities from discontinued operations</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities of continuing operations</b>			
Cash paid for purchases of treasury shares	28	-	2,601
Cash paid for change in non-controlling interest reserve		-	(2,601)
Cash received from funds borrowed		271,750	183,521
Repayments of funds borrowed		(236,531)	(255,272)
Dividends paid to non-controlling interest by subsidiaries		(300)	-
Interest paid for financing activities apart from financial sector activities		(7,699)	(7,305)
Other cash receipts from/cash payments for financing activities		(85)	(49)
<b>Net cash (used in) / provided by financing activities from continuing operations</b>		<b>27,135</b>	<b>(79,105)</b>
<b>Net cash (used in) / provided by financing activities from discontinued operations</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>Continuing Operations</b>			
Effect of net foreign exchange difference on cash and cash equivalents		(39,526)	(264)
Effect of consolidation eliminations between continuing and discontinued operations on cash flows		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>54,440</b>	<b>5,722</b>
<b>Cash and cash equivalents at 1 January</b>		<b>115,382</b>	<b>87,278</b>
<b>Cash and cash equivalents at 30 June</b>	<b>26</b>	<b>169,822</b>	<b>93,000</b>
<b>Discontinued Operations</b>			
Effect of net foreign exchange difference on cash and cash equivalents		-	-
Effect of consolidation eliminations between continuing and discontinued operations on cash flows		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 1 January</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 30 June</b>	<b>26</b>	<b>-</b>	<b>-</b>

The accompanying policies and explanatory notes on pages 6 through 58 form an integral part of these consolidated financial statements.

**GSD Holding Anonim Şirketi**  
**Notes to the Consolidated Financial Statements**  
**For the Six-Month Period Ended 30 June 2018**  
*(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 Borsa Istanbul (Istanbul Stock Exchange) since 11 November 1999.

As at 30 June 2018, the shares of a consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ, are quoted on Borsa Istanbul (Stock Exchange) with public ownership of 16.65% (As at 31 December 2017, the shares of consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ, are quoted on Borsa Istanbul (Stock Exchange) with public ownership of 16.65%.)

As at 30 June 2018 and 31 December 2017, the composition of shareholders and their respective percentages of ownership can be summarized as follows:

<b>30 June 2018</b>						
<b>(Full TL)</b>	<b>Class (A)</b>	<b>Class (B)</b>	<b>Class (C)</b>	<b>Class (D)</b>	<b>Total</b>	<b>Share (%)</b>
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. <sup>(1)</sup>	-	-	-	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
<b>Share capital</b>	<b>707</b>	<b>707</b>	<b>707</b>	<b>449,997,879</b>	<b>450,000,000</b>	<b>100.000</b>
Inflation adjustment on share capital					85,985,890	
<b>Inflation adjusted share capital</b>					<b>535,985,890</b>	

<b>31 December 2017</b>						
<b>(Full TL)</b>	<b>Class (A)</b>	<b>Class (B)</b>	<b>Class (C)</b>	<b>Class (D)</b>	<b>Total</b>	<b>Share (%)</b>
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. <sup>(1)</sup>	-	-	-	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
<b>Share capital</b>	<b>707</b>	<b>707</b>	<b>707</b>	<b>449,997,879</b>	<b>450,000,000</b>	<b>100.000</b>
Inflation adjustment on share capital					85,985,890	
<b>Inflation adjusted share capital</b>					<b>535,985,890</b>	

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**1. REPORTING ENTITY (continued)**

**General (continued)**

<sup>(1)</sup> GSD Holding A.Ş., re-purchased the Class D shares of GSD Holding A.Ş which have 20.00% share in capital with full TL 90,000,000 nominal value at BIST National Market for full TL 56,418,123.54 between 30 September 2015 and 31 December 2016 within the scope of the Share Repurchase Program approved by the Ordinary General Assembly dated 25 June 2015. GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. sold out the all of the Class D shares of GSD Holding A.Ş. owned which have 4.662% share in capital with full TL 11,654,221.74 nominal value at BIST National Market for full TL 15,411,114.92 between 30 June 2015 and 31 December 2016. After all of these transactions, direct share of Mehmet Turgut Yılmaz in GSD Holding A.Ş. capital increased from full TL 63,750,003 to full TL 114,750,005 and direct share ratio of him increased to 25.50%, direct and indirect share ratio to 28.14% and reclaimed shares increased from 34.73% to 35.18% with calculation deducted from the capital. The total share of Mehmet Turgut Yılmaz and people acting together increased from 49.09% to 50.14% after these transactions and reclaimed shares with calculation deducted from capital increased from 37.19% to 37.67%. As at 30 June 2018, GSD Holding A.Ş. shares of Mehmet Turgut Yılmaz, MTY Delta Denizcilik İç ve Dış Ticaret A.Ş., GSD Holding A.Ş. and Adeo Turizm Otelcilik Ticaret Limited Şirketi act together with the rates 25.50%, 4.50%, 20.00% and 0.14% respectively in total 50.14%.

**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 30 June 2018 and 31 December 2017 are as follows:

Subsidiaries <sup>(1)(3)</sup>	Country of Incorporation	Bist Code	Principal Activities	Effective Shareholding(%)	
				30 June 2018	31 December 2017
GSD Yatırım Bankası A.Ş.	Turkey		Investment Banking	100.00	100.00
GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.	Turkey	GSDDE	Maritime	82.40	82.40
GSD Faktoring A.Ş.	Turkey		Factoring	89.64	89.64
Dodo Maritime Ltd. <sup>(1)</sup>	Malta		Maritime	82.40	82.40
Cano Maritime Ltd. <sup>(1)</sup>	Malta		Maritime	82.40	82.40
Hako Maritime Ltd. <sup>(1)</sup>	Malta		Maritime	82.40	82.40
Zeyno Maritime Ltd. <sup>(4)</sup>	Malta		Maritime	100.00	82.40
Neco Maritime Ltd. <sup>(1)</sup>	Malta		Maritime	82.40	82.40
GSD Shipping B.V. <sup>(2)</sup>	Netherlands		Maritime	100.00	100.00
Mila Maritime Ltd. <sup>(3)</sup>	Malta		Maritime	100.00	100.00

<sup>(1)</sup> The financial statements of Dodo, Cano, Hako and Neco Maritime Ltd have been consolidated to GSD Denizcilik Gayrimenkul İnşaat ve Sanayi ve Ticaret A.Ş.

<sup>(2)</sup> GSD Shipping B.V. was established in Netherlands on 19 October 2016 to operate in maritime sector. The financial statements of GSD Shipping B.V. have been consolidated to GSD Holding A.Ş.

<sup>(3)</sup> Mila Maritime Ltd. was established in Malta on 21 November 2016 to operate in maritime sector. The financial statements of Mila Maritime Ltd. have been consolidated to GSD Shipping B.V.

<sup>(4)</sup> The financial statements of Zeyno Maritime Ltd. have been consolidated to GSD Shipping B.V. since 6 June 2018.

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**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 30 June 2018 and 31 December 2017 are as follows:

Subsidiaries	Country of Incorporation	Principal Activities	Effective Shareholding and Voting Rights (%)	
			30 June 2018	31 December 2017
GSD Eğitim Vakfı	Turkey	Education Foundation	100.00	100.00

The subsidiary is not consolidated and is carried at cost net of provision for impairment, if any, and are classified in the “unquoted equity instruments” caption in the consolidated financial statements, since the volume of transactions of the company is limited and the total assets and revenues of these subsidiary is immaterial.

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

**Statement of Compliance**

These condensed consolidated interim financial statements as of 30 June 2018 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 December 2017.

The consolidated financial statements of the Company were approved by the Board of Directors on 17 August 2018. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

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.

**GSD Holding Anonim Şirketi**  
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**2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

***Functional currencies of foreign subsidiaries***

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

**Basis of Consolidation**

***(i) Subsidiaries***

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

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

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

***(ii) Transactions eliminated on consolidation***

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

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

**Foreign currency transactions**

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

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

**Foreign currency transactions (continued)**

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

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

<b>Date</b>	<b>TL/EURO (full)</b>	<b>TL/US DOLLAR (full)</b>
30 June 2018	5.3092	4.5607
31 December 2017	4.5155	3.7719
31 December 2016	3.7099	3.5192
31 December 2015	3.1776	2.9076

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

*(ii) Foreign operations*

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

**Comparative information and restatement of prior periods’ financial statements**

The Company’s consolidated financial statements as at 30 June 2018 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2017 and prior interim period 1 January – 30 June 2017.

**Offsetting**

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

**Going Concern**

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

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**Summary of significant accounting policies**

**Classifications made in 30 June 2017 financial statements**

Blocked cash amounting to TL 1,760 in the cash and cash equivalents at 1 January and blocked cash amounting to TL 1,767 in the cash and cash equivalents at 30 June have been netted off with cash and cash equivalents at 1 January amounting TL 17,310 and cash and cash equivalents at 30 June amounting TL 21,505 in the statement of cash flows as at 30 June 2017, respectively.

**Standards and interpretations issued but not yet effective**

***Standards issued but not yet effective and not early adopted***

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

**IFRS 16 Leases**

On 16 April 2018, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

**IFRIC 23 –Uncertainty over Income Tax Treatments**

On 24 May 2018, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

**Amendments to IFRS 9 - Prepayment Features With Negative Compensation**

On December 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods

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**2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**Summary of significant accounting policies (continued)**

**Standards and interpretations issued but not yet effective (continued)**

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

beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9.

**Amendments to IAS 28- Long-term Interests in Associates and Joint Ventures**

On December 2017, IASB has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 28.

**Improvements to IFRSs**

The IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as at 1 January 2019. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

**Annual Improvements to IFRSs 2015-2017 Cycle**

*IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

*IAS 12 Income Taxes*

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

*IAS 23 Borrowing Costs*

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

**Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement**

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.



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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**Summary of significant accounting policies (continued)**

**Standards and interpretations issued but not yet effective (continued)**

**The revised Conceptual Framework**

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS 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 IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board 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 IFRS 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.

**Changes in Accounting Policies, Estimates and Errors**

Consolidated financial statements of the Group have been prepared comparatively with the prior period. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary, except for the adoption of IFRS 9 as detailed below.

The Group started to apply IFRS 9 Financial Instruments (IFRS 9) and IFRS 15 (Revenue from Contracts with Customers) standards starting from 1 January 2018.

The Group has not restated the comparative information for the financial instruments under IFRS 9 for 2017 and the cumulative effect of the first application of the standard has been presented in retained earnings in the current period's equity as of 1 January 2018.

IFRS 15 and other amendments to IAS / IFRS as of 1 January 2018 have no material effect on the Group's accounting policies, financial position or performance.

**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 asset 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.

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.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

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

The following table summarizes the impact of transition to IFRS 9, net of tax, on the retained earnings as at 1 January 2018:

	31 December 2017	Classifications	Remeasurement	1 January 2018
<b>ASSETS</b>				
<b>Financial Assets</b>	<b>499,976</b>	-	<b>1,158</b>	<b>501,134</b>
Financial assets– fair value through profit/loss	-	499,976	1,181	501,157
Financial assets –available-for-sale	499,976	(499,976)	-	-
Expected credit loss provision (-)	-	-	(23)	(23)
<b>Loans</b>	<b>(3,936)</b>	<b>(1,625)</b>	<b>279</b>	<b>(5,282)</b>
Expected credit loss provision (-)	-	(5,561)	279	(5,282)
12 Month ECL (Stage 1)	-	(1,625)	283	(1,342)
Significant Increase in Credit Risk (Stage 2)	-	-	(47)	(47)
Dividend (Stage 3/Specific Provisions)	-	(3,936)	43	(3,893)
Specific Provisions (-)	(3,936)	3,936	-	-
<b>Deferred tax assets</b>	<b>529</b>	-	<b>246</b>	<b>775</b>
<b>Other assets</b>	-	-	-	-
<b>LIABILITIES</b>	-	-	-	-
Derivative financial liabilities	-	<b>1,569</b>	-	<b>1,569</b>
Liabilities	1,569	(1,569)	-	-
<b>Provisions</b>	<b>1,625</b>	<b>(1,625)</b>	-	-
Provisions	1,625	(1,625)	-	-
<b>Other Comprehensive Income and Expenses to be Reclassified in Profit or Loss</b>	<b>22,361</b>	<b>(22,361)</b>	<b>1,683</b>	<b>1,683</b>
<b>Previous Years Profit or Loss</b>	-	<b>22,361</b>	-	-

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.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

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

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

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	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.
<b>Debt investments at FVOCI</b>	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
<b>Equity investments at FVOCI</b>	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 at 1 January 2018 relates solely to the new impairment and reclassification requirements, as described further below.

**Impairment of Financial Assets**

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

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

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

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**Impairment of Financial Assets (continued)**

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.

**Accounting policies applied before 1 January 2018**

**Recognition and Derecognition of Financial Instruments**

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when and only when it becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group does not have any assets where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor retained control of the asset that is recognized to the extent of the Group's continuing involvement in the asset.

The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**  
**Accounting policies applied before 1 January 2018 (continued)**

**Investments and Other Financial Assets**

When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments, not at fair value through profit or loss, directly attributable transaction costs, except unquoted equity instruments which are carried at cost and unquoted borrowing securities which are carried at amortized cost. The Group determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date that the asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets, i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as trading or as available for sale, the change in value is recognized through profit or loss and in equity, respectively.

The Group classifies its financial assets in the following categories:

**i) Trading assets**

Financial assets classified as held for trading are included in this category. Trading securities are securities, which were either acquired for generating a profit from short term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. All trading securities are initially recognized at their fair values at the acquisition date. After initial recognition, trading securities are re-measured at fair value based on quoted bid prices. All related income and loss for fair value accounting is recognized in the consolidated income statement. Interest earned on trading securities is recorded as interest income. Dividends received are recorded as dividend income.

**ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Such assets are carried at amortized cost using the effective interest method less any impairment in value. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest earned on such loans and receivables is reported as interest income.

**iii) Held to maturity financial assets**

Held-to-maturity securities are financial assets with fixed maturities that the Group has the intent and ability to hold until maturity. Investment securities held-to-maturity are initially recognized at cost. Investment securities held-to-maturity are accounted for by using a discounting method based on internal rate of return applied on the net investment amounts after the deduction of provision for impairments. Interest earned on held-to-maturity securities is recognized as interest income and reflected in the consolidated income statement.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**Accounting policies applied before 1 January 2018 (continued)**

**Investments and Other Financial Assets (continued)**

*iv) Available for sale financial assets*

Available for sale financial assets are those which are not classified in any of the three categories mentioned above. All available for sale securities are initially recognized at cost at the acquisition date, being the fair value of the consideration given and including acquisition charges associated with the available for sale securities and subsequently they are measured at fair value. For investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market bid prices. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Gains or losses on re-measurement to fair value are recognized in equity until it is sold. Interest earned on available for sale investments is recorded as interest income. Dividends received and foreign exchange gains / (losses) are recorded as dividend income and foreign exchange gain/ (loss) in the consolidated income statement, respectively.

**Repurchase and Resale Transactions**

The Group enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in other money market placements. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the consolidated statement of financial position and are measured in accordance with the accounting policy for either trading assets or financial assets available-for-sale, as appropriate. The proceeds from the sale of the investments are recognized in other money market deposits.

The difference between the purchase and resale considerations or the sale and repurchase considerations is recognized on an accrual basis using effective interest rate over the period of the transaction and is included in interest income or expense, respectively.

**Trade Receivables**

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when judicial decisions or insolvency documents regarding the default of the customer have been obtained.

**Use of Estimates and Judgements**

There is no significant change or correction in accounting estimates of the Group's consolidated financial statements for 30 June 2018 and notes to those financial statements.

**GSD Holding Anonim Şirketi**  
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**3. SEGMENT INFORMATION**

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

Consolidated Statement of Comprehensive Income (01.01.2018-30.06.2018)										
Country of Operation	Turkey	Turkey&Malta International&Netherlands	Turkey	Turkey			Segment Information Combined by Countries			
	(1) Banking	(1) (2) Marine	(1) Factoring	Holding	Inter-segment Eliminations	Group	Turkey	Malta&Netherlands International	Inter-country Eliminations	Group
<b>CONTINUING OPERATIONS</b>										
Revenue	-	38,636	-	2,954	(3,042)	38,548	3,880	38,548	(3,880)	38,548
Cost of sales (-)	-	(30,561)	-	(305)	305	(30,561)	(638)	(30,561)	638	(30,561)
<b>Gross profit/(loss) from commercial sector</b>	-	<b>8,075</b>	-	<b>2,649</b>	<b>(2,737)</b>	<b>7,987</b>	<b>3,242</b>	<b>7,987</b>	<b>(3,242)</b>	<b>7,987</b>
<b>Revenue from financial activities</b>	<b>46,114</b>	<b>525</b>	<b>43,803</b>	-	<b>(6,175)</b>	<b>84,267</b>	<b>89,943</b>	<b>499</b>	<b>(6,175)</b>	<b>84,267</b>
Fee,commission and other service income	6,839	-	176	-	(3)	7,012	7,015	-	(3)	7,012
Foreign exchange income	1,254	(15)	9,585	-	(4,524)	6,300	10,840	(16)	(4,524)	6,300
Interest income	23,634	539	33,751	-	(1,349)	56,575	57,409	515	(1,349)	56,575
Income from derivative financial instruments	12,778	-	-	-	-	12,778	12,778	-	-	12,778
Other financial sector operations income, net	1,609	1	291	-	(299)	1,602	1,901	-	(299)	1,602
<b>Cost of financial activities (-)</b>	<b>(22,473)</b>	<b>(364)</b>	<b>(31,367)</b>	-	<b>12,552</b>	<b>(41,652)</b>	<b>(54,200)</b>	<b>(4)</b>	<b>12,552</b>	<b>(41,652)</b>
Fee,commission and other service expense	(285)	(4)	(454)	-	3	(740)	(739)	(4)	3	(740)
Foreign exchange expense	(14,232)	-	(9,584)	-	10,554	(13,262)	(23,816)	-	10,554	(13,262)
Interest expense	(4,409)	-	(21,139)	-	2,005	(23,543)	(25,548)	-	2,005	(23,543)
Loss from derivative financial instruments	(3,356)	-	-	-	-	(3,356)	(3,356)	-	-	(3,356)
Other financial sector operations expense net	(191)	(360)	(190)	-	(10)	(751)	(741)	-	(10)	(751)
<b>Gross profit/(loss) from financial sector operations</b>	<b>23,641</b>	<b>161</b>	<b>12,436</b>	-	<b>6,377</b>	<b>42,615</b>	<b>35,743</b>	<b>495</b>	<b>6,377</b>	<b>42,615</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>23,641</b>	<b>8,236</b>	<b>12,436</b>	<b>2,649</b>	<b>3,640</b>	<b>50,602</b>	<b>38,985</b>	<b>8,482</b>	<b>3,134</b>	<b>50,602</b>
Administrative expenses (-)	(9,085)	(3,529)	(5,834)	(5,542)	396	(23,594)	(22,993)	(1,835)	1,234	(23,594)
Other income from operating activities	192	951	614	26,175	(12,000)	15,932	27,932	(8)	(11,992)	15,932
Other expense from operating activities (-)	-	(455)	-	(229)	3	(681)	(684)	-	3	(681)
<b>OPERATING PROFIT/(LOSS)</b>	<b>14,748</b>	<b>5,203</b>	<b>7,216</b>	<b>23,053</b>	<b>(7,961)</b>	<b>42,259</b>	<b>43,240</b>	<b>6,639</b>	<b>(7,621)</b>	<b>42,259</b>
Income from investment activities	25,666	15,028	-	112,697	(17,772)	135,619	155,364	-	(19,745)	135,619
Expense from investment activities (-)	-	(726)	-	-	726	-	(726)	-	726	-
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES</b>	<b>40,414</b>	<b>19,505</b>	<b>7,216</b>	<b>135,750</b>	<b>(25,007)</b>	<b>177,878</b>	<b>197,878</b>	<b>6,639</b>	<b>(26,640)</b>	<b>177,878</b>
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	-	(24,424)	(42)	(22)	5,311	(19,177)	(17,776)	(8,685)	7,284	(19,177)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>40,414</b>	<b>(4,919)</b>	<b>7,174</b>	<b>135,728</b>	<b>(19,696)</b>	<b>158,701</b>	<b>180,102</b>	<b>(2,046)</b>	<b>(19,356)</b>	<b>158,701</b>

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**3. SEGMENT INFORMATION (continued)**

Consolidated Statement of Comprehensive Income (continued) (01.01.2018-30.06.2018)										
Country of Operation	Turkey	Turkey&Malta International&Netherlands	Turkey	Turkey			Segment Information Combined by Countries			
	(1) Banking	(1) (2) Marine	(1) Factoring	(1) Holding	Inter-segment Eliminations	Group	Turkey	Malta&Netherlands International	Inter-country Eliminations	Group
<b>Tax income/(expense) from continuing operations</b>	(6,187)	3,391	(1,732)	(12,759)	339	(16,948)	(17,138)	(149)	339	(16,948)
Current tax income/(expense)	(6,039)	2,765	(1,716)	(7,610)	-	(12,600)	(12,451)	(149)	-	(12,600)
Deferred tax income/(expense)	(148)	626	(16)	(5,149)	339	(4,348)	(4,687)	-	339	(4,348)
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>34,227</b>	<b>(1,527)</b>	<b>5,442</b>	<b>122,969</b>	<b>(19,358)</b>	<b>141,753</b>	<b>162,964</b>	<b>(2,194)</b>	<b>(19,017)</b>	<b>141,753</b>
<b>NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT/(LOSS)</b>	<b>34,227</b>	<b>(1,527)</b>	<b>5,442</b>	<b>122,969</b>	<b>(19,358)</b>	<b>141,753</b>	<b>162,964</b>	<b>(2,194)</b>	<b>(19,017)</b>	<b>141,753</b>
<b>Net profit/(loss) (continuing and discontinuing operations) attributable to:</b>										
Non-controlling interest	-	(295)	564	-	-	269	269	-	-	269
Equity holders of the company	34,227	(1,232)	4,878	122,969	(19,358)	141,484	162,695	(2,194)	(19,017)	141,484
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Which will be not classified in profit or loss</b>	<b>-</b>	<b>(2)</b>	<b>(13)</b>	<b>(20)</b>	<b>-</b>	<b>(35)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(35)</b>
Remeasurements of the net defined benefit liability (asset)	-	(2)	(13)	(20)	-	(35)	(35)	-	-	(35)
<b>Which will be classified in profit or loss</b>	<b>-</b>	<b>36,145</b>	<b>-</b>	<b>(2,405)</b>	<b>17,373</b>	<b>51,113</b>	<b>13,995</b>	<b>19,745</b>	<b>17,373</b>	<b>51,113</b>
Change in currency translation differences	-	36,145	-	-	14,968	51,113	16,400	19,745	14,968	51,113
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	(2,405)	2,405	-	(2,405)	-	2,405	-
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>	<b>-</b>	<b>36,143</b>	<b>(13)</b>	<b>(2,425)</b>	<b>17,373</b>	<b>51,078</b>	<b>13,960</b>	<b>19,745</b>	<b>17,373</b>	<b>51,078</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>34,227</b>	<b>34,616</b>	<b>5,429</b>	<b>120,544</b>	<b>(1,985)</b>	<b>192,831</b>	<b>176,924</b>	<b>17,551</b>	<b>(1,644)</b>	<b>192,831</b>
<b>Total comprehensive income attributable to:</b>										
Non-controlling interest	-	2,753	563	-	-	3,316	3,316	-	-	3,316
Equity holders of the company	34,227	31,863	4,866	120,544	(1,985)	189,515	173,608	17,551	(1,644)	189,515
<b>CONSOLIDATED BALANCE SHEET (30.06.2018)</b>										
<b>TOTAL ASSETS</b>	<b>329,065</b>	<b>646,557</b>	<b>289,619</b>	<b>703,683</b>	<b>(88,839)</b>	<b>1,880,085</b>	<b>1,334,328</b>	<b>710,064</b>	<b>(164,307)</b>	<b>1,880,085</b>
<b>TOTAL LIABILITIES</b>	<b>156,167</b>	<b>402,681</b>	<b>241,883</b>	<b>23,546</b>	<b>(89,565)</b>	<b>734,712</b>	<b>437,874</b>	<b>461,871</b>	<b>(165,033)</b>	<b>734,712</b>
<b>Other segment information (continued and discontinued operations)</b>										
Capital expenditures	259	71,321	74	226	-	71,880	580	71,300	-	71,880
Depreciation expense	(24)	(11,187)	(19)	(396)	-	(11,626)	(497)	(11,129)	-	(11,626)
Amortization expense	(34)	-	(3)	(6)	-	(43)	(43)	-	-	(43)
Impairment (losses)/reversal income recognized in income statement	(98)	(359)	43	-	-	(414)	(414)	-	-	(414)

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

(2) The main line of business of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. is shipping starting from 2013 and its income and expenses and its finance lease assets in the financial statements arising from the diminishing finance lease activities are disclosed in the marine segment under Gross Profit/(Loss) From Financial Sector Operations and Total Assets, respectively, without being allocated to a separate segment in the above table due to immateriality.

(3) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. are registered in Malta International Ship Register and operating in international freight forwarding



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**3. SEGMENT INFORMATION (continued)**

Consolidated Statement of Comprehensive Income (01.01.2017-30.06.2017)										
Country of Operation	Turkey	Turkey&Malta International	Turkey	Turkey	Inter-segment Eliminations	Group	Segment Information Combined by Countries			
	(1) Banking	(1) (2) Marine	(1) Factoring	Holding			(3) Turkey	Malta&Netherlands International	Inter-country Eliminations	Group
<b>CONTINUING OPERATIONS</b>										
Revenue	-	27,103	-	273	(273)	27,103	953	27,103	(953)	27,103
Cost of sales (-)	-	(25,575)	-	(265)	265	(25,575)	(537)	(25,575)	537	(25,575)
<b>Gross profit/(loss) from commercial sector</b>	-	<b>1,528</b>	-	<b>8</b>	<b>(8)</b>	<b>1,528</b>	<b>416</b>	<b>1,528</b>	<b>(416)</b>	<b>1,528</b>
Revenue from financial activities	47,095	202	33,191	-	(9,707)	70,781	80,295	193	(9,707)	70,781
Fee,commission and other service income	4,137	-	-	-	(2)	4,135	4,137	-	(2)	4,135
Foreign exchange income	5,983	2	7,424	-	(8,316)	5,093	13,409	-	(8,316)	5,093
Interest income	26,853	200	25,051	-	(1,191)	50,913	51,911	193	(1,191)	50,913
Income from derivative financial instruments	7,944	-	-	-	-	7,944	7,944	-	-	7,944
Other financial sector operations income, net	2,178	-	716	-	(198)	2,696	2,894	-	(198)	2,696
<b>Cost of financial activities (-)</b>	<b>(20,597)</b>	<b>(84)</b>	<b>(22,396)</b>	-	<b>11,822</b>	<b>(31,255)</b>	<b>(43,075)</b>	<b>(2)</b>	<b>11,822</b>	<b>(31,255)</b>
Fee,commission and other service expense	(231)	(2)	(179)	-	2	(410)	(410)	(2)	2	(410)
Foreign exchange expense	(6,889)	-	(7,414)	-	9,635	(4,668)	(14,303)	-	9,635	(4,668)
Interest expense	(2,706)	-	(14,649)	-	2,185	(15,170)	(17,355)	-	2,185	(15,170)
Loss from derivative financial instruments	(10,505)	-	-	-	-	(10,505)	(10,505)	-	-	(10,505)
Other financial sector operations expense net	(266)	(82)	(154)	-	-	(502)	(502)	-	-	(502)
<b>Gross profit/(loss) from financial sector operations</b>	<b>26,498</b>	<b>118</b>	<b>10,795</b>	-	<b>2,115</b>	<b>39,526</b>	<b>37,220</b>	<b>191</b>	<b>2,115</b>	<b>39,526</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>26,498</b>	<b>1,646</b>	<b>10,795</b>	<b>8</b>	<b>2,107</b>	<b>41,054</b>	<b>37,636</b>	<b>1,719</b>	<b>1,699</b>	<b>41,054</b>
Administrative expenses (-)	(4,555)	(2,310)	(4,613)	(4,528)	206	(15,800)	(15,878)	(808)	886	(15,800)
Other income from operating activities	126	1,160	404	16,375	(10,865)	7,200	18,065	-	(10,865)	7,200
Other expense from operating activities (-)	(134)	(628)	-	(14,048)	8,316	(6,494)	(14,810)	-	8,316	(6,494)
<b>OPERATING PROFIT/(LOSS)</b>	<b>21,935</b>	<b>(132)</b>	<b>6,586</b>	<b>(2,193)</b>	<b>(236)</b>	<b>25,960</b>	<b>25,013</b>	<b>911</b>	<b>36</b>	<b>25,960</b>
Income from investment activities	30	-	-	642	-	672	2,810	-	(2,138)	672
Expense from investment activities (-)	-	-	-	(1,601)	-	(1,601)	(1,601)	-	-	(1,601)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES</b>	<b>21,965</b>	<b>(132)</b>	<b>6,586</b>	<b>(3,152)</b>	<b>(236)</b>	<b>25,031</b>	<b>26,222</b>	<b>911</b>	<b>(2,102)</b>	<b>25,031</b>
Financing income	-	145	-	-	(145)	-	145	-	(145)	-
Financing expenses (-)	-	(7,263)	(19)	(48)	381	(6,949)	(2,798)	(6,670)	2,519	(6,949)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>21,965</b>	<b>(7,250)</b>	<b>6,567</b>	<b>(3,200)</b>	<b>-</b>	<b>18,082</b>	<b>23,569</b>	<b>(5,759)</b>	<b>272</b>	<b>18,082</b>

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**3. SEGMENT INFORMATION (continued)**

Consolidated Statement of Comprehensive Income (continued) (01.01.2017-30.06.2017)										
Country of Operation	Turkey	Turkey&Malta International	Turkey	Turkey			Segment Information Combined by Countries (3)			
	(1) Banking	(1) (2) Marine	(1) Factoring	Holding	Inter-segment Eliminations	Group	Turkey	Malta&Netherlands International	Inter-country Eliminations	Group
<b>Tax income/(expense) from continuing operations</b>	<b>(4,424)</b>	<b>270</b>	<b>(1,388)</b>	<b>75</b>	-	<b>(5,467)</b>	<b>(5,467)</b>	-	-	<b>(5,467)</b>
Current tax income/(expense)	(4,269)	32	(1,380)	-	-	(5,617)	(5,617)	-	-	(5,617)
Deferred tax income/(expense)	(155)	238	(8)	75	-	150	150	-	-	150
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>17,541</b>	<b>(6,980)</b>	<b>5,179</b>	<b>(3,125)</b>	-	<b>12,615</b>	<b>18,102</b>	<b>(5,759)</b>	<b>272</b>	<b>12,615</b>
<b>NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	-	-	-	-	-	-	-	-	-	-
<b>NET PROFIT/(LOSS)</b>	<b>17,541</b>	<b>(6,980)</b>	<b>5,179</b>	<b>(3,125)</b>	-	<b>12,615</b>	<b>18,102</b>	<b>(5,759)</b>	<b>272</b>	<b>12,615</b>
<b>Net profit/(loss) (continuing and discontinuing operations) attributable to:</b>										
<b>Non-controlling interest</b>	-	<b>(1,239)</b>	<b>536</b>	-	-	<b>(703)</b>	<b>(703)</b>	-	-	<b>(703)</b>
<b>Equity holders of the company</b>	<b>17,541</b>	<b>(5,741)</b>	<b>4,643</b>	<b>(3,125)</b>	-	<b>13,318</b>	<b>18,805</b>	<b>(5,759)</b>	<b>272</b>	<b>13,318</b>
<b>OTHER COMPREHENSIVE INCOME</b>										
<b>Which will be not classified in profit or loss</b>	-	<b>(34)</b>	<b>2</b>	<b>(7)</b>	-	<b>(39)</b>	<b>(39)</b>	-	-	<b>(39)</b>
Defined benefit plans re-measurement gains / losses	-	(34)	2	(7)	-	(39)	(39)	-	-	(39)
<b>Which will be classified in profit or loss</b>	-	<b>(614)</b>	-	<b>7,460</b>	<b>(119)</b>	<b>6,727</b>	<b>6,979</b>	<b>(133)</b>	<b>(119)</b>	<b>6,727</b>
Change in currency translation differences	-	(614)	-	-	(119)	(733)	(481)	(133)	(119)	(733)
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	7,460	-	7,460	7,460	-	-	7,460
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>	-	<b>(648)</b>	<b>2</b>	<b>7,453</b>	<b>(119)</b>	<b>6,688</b>	<b>6,940</b>	<b>(133)</b>	<b>(119)</b>	<b>6,688</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>17,541</b>	<b>(7,628)</b>	<b>5,181</b>	<b>4,328</b>	<b>(119)</b>	<b>19,303</b>	<b>25,042</b>	<b>(5,892)</b>	<b>153</b>	<b>19,303</b>
<b>Total comprehensive income attributable to:</b>										
<b>Non-controlling interest</b>	-	<b>(1,352)</b>	<b>536</b>	-	-	<b>(816)</b>	<b>(816)</b>	-	-	<b>(816)</b>
<b>Equity holders of the company</b>	<b>17,541</b>	<b>(6,276)</b>	<b>4,645</b>	<b>4,328</b>	<b>(119)</b>	<b>20,119</b>	<b>25,858</b>	<b>(5,892)</b>	<b>153</b>	<b>20,119</b>
<b>CONSOLIDATED BALANCE SHEET (30.06.2016)</b>										
<b>TOTAL ASSETS</b>	<b>268,401</b>	<b>390,564</b>	<b>254,961</b>	<b>609,247</b>	<b>(96,680)</b>	<b>1,426,493</b>	<b>1,221,163</b>	<b>381,257</b>	<b>(175,927)</b>	<b>1,426,493</b>
<b>TOTAL LIABILITIES</b>	<b>138,855</b>	<b>267,827</b>	<b>214,052</b>	<b>9,482</b>	<b>(96,680)</b>	<b>533,536</b>	<b>363,249</b>	<b>346,214</b>	<b>(175,927)</b>	<b>533,536</b>
<b>Other segment information (continued and discontinued operations)</b>										
(Advances given)/Transfer of advances given for capital expenditures	-	11,626	-	-	(11,626)	-	-	11,626	(11,626)	-
Capital expenditures	54	-	-	588	-	642	642	-	-	642
Depreciation expense	(23)	(8,776)	(20)	(320)	-	(9,139)	(374)	(8,765)	-	(9,139)
Amortization expense	(17)	-	(1)	(15)	-	(33)	(33)	-	-	(33)
Impairment (losses)/reversal income recognized in income statement	1,735	(83)	509	-	(426)	1,735	2,161	-	(462)	1,735

(1) The marine segment consists of the relevant amounts of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş., the factoring segment consists of the relevant amounts of GSD Faktoring A.Ş. and the banking segment consists of the relevant amounts of GSD Bank.

(2) The main line of business of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. is shipping starting from 2013 and its income and expenses and its finance lease assets in the financial statements arising from the diminishing finance lease activities are disclosed in the marine segment under Gross Profit/(Loss) From Financial Sector Operations and Total Assets, respectively, without being allocated to a separate segment in the above table due to its decreasing materiality.

(3) The vessels of the subsidiaries established in Malta of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. are registered in Malta International Ship Register and operating in international freight forwarding.

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**4. CASH AND CASH EQUIVALENTS**

**Cash and cash equivalents in the statement of financial position:**

<b>Continuing Operations</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Cash on hand	3	2
Balances with the Central Bank	6,240	5,469
<b>Cash and balances with the Central Bank</b>	<b>6,243</b>	<b>5,471</b>
Deposits with other banks and financial institutions	164,862	111,848
Required Reserves	8,511	9,872
<b>Cash and cash equivalents in the statement of financial position</b>	<b>179,616</b>	<b>127,191</b>

**5. MARKETABLE SECURITIES**

**a) Financial assets– fair value through profit/loss**

<b>30 June 2018</b>	<b>GSD Holding A.Ş.’s Shareholding</b>				
	<b>Carrying Value</b>	<b>Paid Capital</b>	<b>Direct (%)</b>	<b>Indirect (%)</b>	<b>Total (%)</b>
<b>Financial assets– fair value through profit/loss</b>					
Silopi Elektrik Üretim A.Ş. (*)	595,672	202,050	15.00	0.00	15.00
Borsa İstanbul A.Ş. (*)	1,517	423,234	-	0.36	0.36
<b>Total</b>	<b>597,189</b>				

(\*)In the consolidated financial statements for the year ended 31 December 2017, the shares that are shown in the available-for-sale financial assets have started to be monitored in the financial assets which are measured at fair value through profit or loss in accordance with IFRS 9. The prior year financial statements and footnotes have not been restated.

<b>31 December 2017</b>	<b>GSD Holding A.Ş.’s Shareholding</b>				
	<b>Carrying Value</b>	<b>Paid Capital</b>	<b>Direct (%)</b>	<b>Indirect (%)</b>	<b>Total (%)</b>
<b>Available-for-sale investment securities</b>					
Silopi Elektrik Üretim A.Ş.	499,816	202,050	15.00	0.00	15.00
Borsa İstanbul A.Ş.	160	423,234	-	0.04	0.04
<b>Total</b>	<b>499,976</b>				

**b) Held to maturity securities**

As at 30 June 2018 and 31 December 2017, the Group has no held to maturity investment security.

**c) Marketable securities given as a guarantee**

As at 30 June 2018 and 31 December 2017, there is no marketable securities given as a guarantee.

**d) 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 30 June 2018 and 31 December 2017 are as follows:

	<b>30 June 2018</b>	<b>31 December 2017</b>
GSD Eğitim Vakfı	377	377
<b>Total</b>	<b>377</b>	<b>377</b>

**6. EQUITY ACCOUNTED INVESTEEES**

None.

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**7. TRADE RECEIVABLES AND PAYABLES**

**a) Short Term Trade Receivables**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Trade receivables from maritime activities	5,754	3,122
Costumers	11	11
Export goods receivables	1,981	1,981
Less: Provision for doubtful trade receivables	(1,981)	(1,981)
<b>Total, net</b>	<b>5,765</b>	<b>3,133</b>

Movement in the provision for doubtful trade receivables:

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Allowance at the beginning of year</b>	<b>1,981</b>	<b>1,981</b>
Provision for doubtful receivables	-	-
Recoveries	-	-
<b>Provision net of recoveries</b>	<b>-</b>	<b>-</b>
<b>Allowance at the end of period</b>	<b>1,981</b>	<b>1,981</b>

**b) Trade Payables**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Payables to suppliers	368	121
Payables to marine sector suppliers	1,173	597
Export trade payables	77	77
<b>Total</b>	<b>1,618</b>	<b>795</b>

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**8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES**

**a) Loans and Advances to Customers**

	30 June 2018					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	218,101	54,075	7,183	12.48-32.00	6.25-8.50	6.00-6.00
<b>Total</b>	<b>218,101</b>	<b>54,075</b>	<b>7,183</b>			
Loans in arrears	3,963	-	-			
Less: Allowance for impairment on loans and advances to customers	(5,402)	-	-			
<b>Total, net</b>	<b>216,662</b>	<b>54,075</b>	<b>7,183</b>			
	31 December 2017					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	186,957	-	8,335	12.48-21.75	-	6.00-6.25
<b>Total</b>	<b>186,957</b>	<b>-</b>	<b>8,335</b>			
Loans in arrears	3,936	-	-			
Less: Allowance for impairment on loans and advances to customers	(5,561)	-	-			
<b>Total, net</b>	<b>185,332</b>	<b>-</b>	<b>8,335</b>			

Movements in the allowance for impairment:

	Continuing Operations	
	30 June 2018	31 December 2017
<b>Allowance at the beginning of the year</b>	<b>5,561</b>	<b>6,903</b>
IFRS 9 transition impact (*)	(256)	-
Recoveries	(62)	(1,988)
Allowance for impairment	159	646
<b>Allowance net of recoveries</b>	<b>97</b>	<b>1,342</b>
Loans written off during the period	-	-
Transfer from continuing operations to discontinued operations	-	-
<b>Allowance at the end of the period</b>	<b>5,402</b>	<b>5,561</b>

(\*) The amount comprises of the IFRS 9 adjustment of GSD Yatırım Bankası A.Ş presented in retained earnings. The Group has initially applied IFRS 9 at 1 January 2018, under the transition method chosen, comparative balances are not restated.

As at 30 June 2018 and 31 December 2017, interest rates on loans and advances to customers are fixed. The Group has not accrued interest for non performing loans. As at 30 June 2018, unaccrued interest loan amount is TL 3,963 (31 December 2017: TL 3,936).

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**8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)**

**b) Factoring Receivables and Payables**

	30 June 2018					
	Amount			Effective interest rate (%)		
	Turkish Lira	Foreign Currency Indexed	Foreign Currency	Turkish Lira	Foreign Currency Indexed	Foreign Currency
Factoring receivables	286,703	-	1,139	14.00-41.00	-	8.01-8.01
Doubtful factoring receivables	3,843	-	-	-	-	-
<b>Total factoring receivables</b>	<b>290,546</b>	<b>-</b>	<b>1,139</b>			
Less: Provision for doubtful factoring receivables	(3,168)	-	-			
<b>Factoring receivables, net</b>	<b>287,378</b>	<b>-</b>	<b>1,139</b>			
<b>Factoring payables</b>	<b>2,738</b>	<b>-</b>	<b>58</b>			
	31 December 2017					
	Amount			Effective interest rate (%)		
	Turkish Lira	Foreign Currency Indexed	Foreign Currency	Turkish Lira	Foreign Currency Indexed	Foreign Currency
Factoring receivables	344,199	-	1,367	14.00-48.00	-	7.51-8.31
Doubtful factoring receivables	3,231	-	-			
<b>Total factoring receivables</b>	<b>347,430</b>	<b>-</b>	<b>1,367</b>			
Less: Provision for doubtful factoring receivables	(3,211)	-	-			
<b>Factoring receivables, net</b>	<b>344,219</b>	<b>-</b>	<b>1,367</b>			
<b>Factoring payables</b>	<b>1,762</b>	<b>-</b>	<b>50</b>			

Movement in the provision for doubtful factoring receivables:

	30 June 2018	31 December 2017
<b>Provision at the beginning of year</b>	<b>3,211</b>	<b>3,335</b>
Recoveries	(221)	(808)
Provision for doubtful factoring receivables	178	684
<b>Provision net of recoveries</b>	<b>(43)</b>	<b>(124)</b>
Factoring receivables written off during the period	-	-
<b>Provision at the end of period</b>	<b>3,168</b>	<b>3,211</b>

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**8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)**

**c) Finance Lease Receivables, Net**

	30 June 2018	31 December 2017
Invoiced lease receivables	27	24
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Doubtful finance lease receivables	3,501	3,142
<b>Finance lease receivables, gross</b>	<b>3,528</b>	<b>3,166</b>
Less: Unearned interest income	(4)	(3)
Less: Provision for doubtful finance lease receivables	(3,501)	(3,142)
<b>Finance lease receivables, net</b>	<b>23</b>	<b>21</b>

The aging of net finance lease receivables is as follows:

	30 June 2018	31 December 2017
Not later than 1 year	23	21
<b>Finance lease receivables, net</b>	<b>23</b>	<b>21</b>

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

	30 June 2018	31 December 2017
<b>Provision at the beginning of year</b>	<b>3,142</b>	<b>2,870</b>
Provision for doubtful lease receivables	359	274
Recoveries	-	(2)
<b>Provision net of recoveries</b>	<b>359</b>	<b>272</b>
<b>Finance lease receivables written off during the period</b>	<b>-</b>	<b>-</b>
<b>Provision at the end of period</b>	<b>3,501</b>	<b>3,142</b>

**d) Funds Borrowed**

	30 June 2018				31 December 2017			
	Amount		Effective interest rate (%)		Amount		Effective interest rate (%)	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
<b>Short term</b>	<b>176,475</b>	<b>9,738</b>			<b>248,482</b>	<b>16,753</b>	-	-
Fixed interest	176,475	9,738	15.10-24.00	2.67-5.70	248,482	16,753	15.10-16.25	2.67-5.60
Floating interest	-	-	-	-	-	-	-	-
<b>Medium/Long Term</b>	<b>-</b>	<b>366,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,385</b>	<b>-</b>	<b>-</b>
Fixed interest	-	114,446	-	4.50- 5.80	-	90,578	-	4,50-5,80
Floating interest	-	251,916	-	5.16-5.62	-	159,807	-	4,18-4,82
<b>Total</b>	<b>176,475</b>	<b>376,100</b>			<b>248,482</b>	<b>267,138</b>		

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**8. RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES (continued)**

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

	30 June 2018		31 December 2017	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	46,627	28,834	4,955	18,125
Up to 2 year	67,819	51,663	85,623	17,482
Up to 3 year	-	62,108	-	35,946
Up to 4 year	-	108,415	-	76,278
More than 5 year	-	896	-	11,976
<b>Total</b>	<b>114,446</b>	<b>251,916</b>	<b>90,578</b>	<b>159,807</b>

**e) Other money market deposits**

	30 June 2018				31 December 2017			
	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	75,332	-	15.30-19.65	-	60,754	-	13.40-14.85	-
<b>Total</b>	<b>75,332</b>				<b>60,754</b>			

**f) Borrowers' funds**

	30 June 2018				31 December 2017			
	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	554	8	-	-	501	2	-	-
Time	8,430	55,868	10.25-17.75	1.25-4.40	10,610	34,179	14.10-14.35	4.00-4.40
<b>Total</b>	<b>8,984</b>	<b>55,876</b>			<b>11,111</b>	<b>34,181</b>		

**g) Liabilities arising from finance leases**

**Payable from short term financial lease activities**

	30 June 2018	31 December 2017
Advances taken due to finance leases	47	40
Payables related to leased assets	-	54
<b>Total</b>	<b>47</b>	<b>94</b>

**9. INVENTORIES**

	30 June 2018	31 December 2017
Ship mineral oil	982	825
Ship fuel	-	145
<b>Total</b>	<b>982</b>	<b>970</b>



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**10. LEASE OPERATIONS**

Cano Maritime Limited and Dodo Maritime Limited have their own M/V Cano and M/V Dododry bulk cargo ships which they received from the date of completion of construction on 7 May 2013, Hako Maritime Limited has its own M/V Hako dry bulk cargo ship, after the receipt of completed construction on 23 June 2014, starting from 26 June 2014, Zeyno Maritime Limited has its own M/V Zeyno dry bulk cargo ship, made on 29 September 2014 after receiving completed starting from 2 October 2014 Neco Maritime Limited has its own M/V Olivia dry bulk cargo ship after the receipt of completed construction on 2 August 2016, starting from 5 August 2016, are all rented in the form of time charter lease. These technical management of the ships performed under the contract to a company abroad by Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited and Neco Maritime Limited. Dodo Maritime Limited, Hako Maritime Limited and Zeyno Maritime Limited gained the ship principal installments of financing used bank loans while intake ship in rent and interest amount until the part is in with transfer to the relevant bank, Dodo Maritime Limited has taken interest on the blocked amount until the due date. The purchase of one dry cargo ship was completed and delivered on 24 May 2018 by Mila Maritime Ltd. subsidiary of GSD Shipping B.V. which is a subsidiary of the Company established with a capital share of 100%. Mila Maritime Ltd. started operating the ship called Mila by time charter agreements and started earning rental income on 25 May 2018.

**11. PROPERTY AND EQUIPMENT**

Continuing Operations	Land and Buildings	Office and Vehicle Equipment	Leasehold Improvements	Ships	Drydocking	Motor Vehicles	Fixed Assets Under Construction <sup>(2)</sup>	Total
<b>At 1 January 2018, net carrying amount</b>	2	1,841	994	344,039	1,547	800	20,983	370,206
Additions	-	136	145	66,786	4,514	240	-	71,821
Disposals, net	-	(2)	-	-	-	(20)	-	(22)
Transfers	-	-	-	20,983	-	-	(20,983)	-
Foreign currency translation differences	-	-	-	88,053	350	-	-	88,403
Depreciation charge for the period	-	(233)	(155)	(10,734)	(395)	(109)	-	(11,626)
<b>At 30 June 2018, net carrying amount</b>	2	1,742	984	509,127	6,016	911	-	518,782
<b>At 30 June 2018</b>								
Cost	2	6,181	1,875	333,071	6,163	1,278	-	348,833
Foreign currency translation differences	-	-	-	274,649	382	-	-	275,031
Accumulated depreciation <sup>(1)</sup>	-	(4,439)	(891)	(98,593)	(529)	(367)	-	(105,082)
<b>At 30 June 2018, net carrying amount</b>	2	1,742	984	509,127	6,016	911	-	518,782

<sup>(1)</sup>Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.

<sup>(2)</sup>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.

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**11. PROPERTY AND EQUIPMENT (continued)**

Continuing Operations	Land and Buildings	Office and Vehicle Equipment	Leasehold Improvements	Ships	Dry Docking	Motor Vehicles	Fixed Assets Under Construction <sup>(2)</sup>	Total
<b>At 1 January 2017, net of accumulated depreciation and impairment</b>	2	1,409	1,132	337,469	-	434	11,666	352,112
Additions	-	829	147	199	1,657	503	8,845	12,180
Disposals, net	-	(8)	-	-	-	-	-	(8)
Foreign currency translation differences	-	-	-	24,230	-	-	472	24,702
Depreciation charge for the period	-	(389)	(285)	(17,859)	(110)	(137)	-	(18,780)
<b>At 31 December 2017, net carrying amount</b>	2	1,841	994	344,039	1,547	800	20,983	370,206
<b>At 31 December 2017</b>								
Cost	2	6,048	1,730	229,217	1,657	1,076	20,983	260,713
Foreign currency translation differences	-	-	-	187,502	-	-	-	187,502
Accumulated depreciation <sup>(1)</sup>	-	(4,207)	(736)	(72,680)	(110)	(276)	-	(78,009)
<b>At 31 December 2017, net carrying amount</b>	2	1,841	994	344,039	1,547	800	20,983	370,206

<sup>(1)</sup>Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.

<sup>(2)</sup>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.

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 GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. its five maritime affiliates located in Malta, into account as cash generating units as basis as of 30 June 2018 in accordance with IAS 36 and has not made a provision for impairment as of 30 June 2018 since the value of use are higher than carrying amounts for each of the five ships. Discounted cash flow calculations, used to determine amount recoverable, have been started based on final budgeting of technical management company made for leasing contracts which are considered to be concluded in near future in the framework of current market conditions through examining current ship leasing agreements and realisations in previous periods for income. Cash flows which can occur in depreciation period have been tried to be anticipated using expectations and assumptions generated by the Group management on direction, level and timing of market based on recent condition of freight market and impacts related to its development and it is deducted to reporting date with a discount rate appropriate to structure of company and market. Amounts, deducted from cost while determining amount subject to depreciation have been used as cash inflow in value of use calculation. Selection of periods in which fixed or variable based leasing are applied or locations of ships on the expiration of leasing period are main factors which can cause different realizations from those which have been anticipated under assumptions in calculations. On the other hand, the realization of assumptions are bounded to variable factors directing global dry cargo ship transportation market. The Company management believes that any changes reasonably occurring in any of aforementioned main assumptions shall not cause total carrying amounts of aforementioned cash generation units being higher than the total recoverable amounts.

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**12. INTANGIBLE ASSETS**

<b>Continuing Operations</b>	<b>Patents and Licenses</b>
<b>At 1 January 2018 net carrying amount</b>	<b>261</b>
Additions	59
Amortization charge for the period	(43)
<b>At 30 June 2018 net carrying amount</b>	<b>277</b>
<b>At 30 June 2018</b>	
Cost	2,473
Accumulated amortization	(2,196)
<b>Net carrying amount</b>	<b>277</b>
<b>Continuing Operations</b>	<b>Patents and Licenses</b>
<b>At 1 January 2017 net carrying amount</b>	<b>257</b>
Additions	70
Disposals, net	-
Amortization charge for the period	(66)
<b>At 31 December 2017 net carrying amount</b>	<b>261</b>
<b>At 31 December 2017</b>	
Cost	2,414
Accumulated amortization	(2,153)
<b>Net carrying amount</b>	<b>261</b>

**13. GOODWILL**

None.

**14. BORROWING COSTS**

As at 30 June 2018 and 31 December 2017, there is no capitalized borrowing costs in the consolidated financial statements.

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**15. TAXATION**

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

**Tax losses carried forward**

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

The Group's tax losses carried forward as at 30 June 2018 is TL 5,196 (31 December 2017: TL 2,607).

**Withholding tax on dividend distributions**

The 15% withholding tax applies to dividends distributed by resident corporations to resident or non-resident real persons, those who are not liable to or exempt from income and corporation tax, non-resident corporations (excluding those that acquire dividend through a registered office or permanent representative in Turkey). 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.

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**15. TAXATION (continued)**

**Investment allowance (continued)**

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

As at 30 June 2018 and 31 December 2017, the Group has the following unused investment allowances:

<b>Unused investment allowances</b>				
<b>Group company</b>	<b>30 June 2018</b>		<b>31 December 2017</b>	
	<b>Subject to 19.8% withholding tax</b>	<b>Subject to 0% withholding tax</b>	<b>Subject to 19.8% withholding tax</b>	<b>Subject to 0% withholding tax</b>
GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş.	118,829	-	109,332	-
<b>Total</b>	<b>118,829</b>	<b>-</b>	<b>109,332</b>	<b>-</b>

**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 taxpayers being a party to these transactions provided that the tax to be charged to the corporation making the disguised profit distribution is finalized and paid before this adjustment is made.

**Consolidated Tax Calculation**

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

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**15. TAXATION (continued)**

**Current Tax Liability**

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

<b>Continuing Operations</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
Corporate income taxes payable	15,514	11,027
Prepaid income taxes	(9,124)	(9,230)
<b>Income taxes payable, net</b>	<b>6,390</b>	<b>1,797</b>

**Income tax benefit / (expense)**

**Consolidated income tax benefit /(expense)**

	<b>30 June 2018</b>			<b>30 June 2017</b>		
	<b>Consolidated statement of profit or loss</b>	<b>Consolidated other comprehensive income</b>	<b>Consolidated statement of comprehensive income</b>	<b>Consolidated statement of profit or loss</b>	<b>Consolidated other comprehensive income</b>	<b>Consolidated statement of comprehensive income</b>
<b>Continuing Operations</b>						
Current income tax benefit/(expense)	(12,600)	(2,914)	(15,514)	(5,617)	(32)	(5,649)
Deferred income tax benefit /(expense)	(4,348)	(70)	(4,418)	150	(227)	(77)
<b>Total</b>	<b>(16,948)</b>	<b>(2,984)</b>	<b>(19,932)</b>	<b>(5,467)</b>	<b>(259)</b>	<b>(5,726)</b>

**Consolidated income tax benefit /(expense)**

	<b>30 June 2018</b>			<b>30 June 2017</b>		
	<b>Consolidated statement of profit or loss</b>	<b>Consolidated other comprehensive income</b>	<b>Consolidated statement of comprehensive income</b>	<b>Consolidated statement of profit or loss</b>	<b>Consolidated other comprehensive income</b>	<b>Consolidated statement of comprehensive income</b>
<b>Continuing Operations</b>						
Current income tax benefit/(expense)	-	-	-	-	-	-
Deferred income tax benefit /(expense)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Continuing Operations</b>	<b>31 December 2017</b>	<b>Recognised in Period</b>	<b>(Taken Back) / Paid in Period</b>	<b>30 June 2018</b>
<b>Prepaid Income Tax</b>				
Taken back from 2017's overpaid corporate tax	-	-	-	-
Taken back current year's overpaid corporate tax	20	10	(15)	15
<b>Prepaid Income Tax</b>	<b>20</b>	<b>10</b>	<b>(15)</b>	<b>15</b>

<b>Continuing Operations</b>	<b>31 December 2016</b>	<b>Recognised in Period</b>	<b>(Taken Back) / Paid in Period</b>	<b>31 December 2017</b>
<b>Prepaid Income Tax</b>				
Taken back from 2016's overpaid corporate tax	-	-	-	-
Taken back current year's overpaid corporate tax	-	20	-	20
<b>Prepaid Income Tax</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>

**Corporate tax liability regarding foreign subsidiaries of the Group**

The net profits of Cano Maritime Limited, established on 26 March 2013, Dodo Maritime Limited, established on 26 March 2013, Hako Maritime Limited, established on 1 April 2013, Zeyno Maritime Limited, established on 22 April 2013, Neco Maritime Limited, established on 5 May 2016 and Mila Maritime Limited, established on 21 November 2016 all domiciled in Malta, are subject to 0% corporate tax in Malta. GSD Shipping B.V, established on 19 October 2016 domiciled in the Netherlands, is subject to flexible rate corporate tax in the Netherlands. The current profits of Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, and Neco Maritime Limited are subject to 22% (prior period to 20%) 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.

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**15. TAXATION (continued)**

**Corporate tax liability regarding foreign subsidiaries of the Group (continued)**

The dry bulk carrier called Zeyno Maritime Limited was sold to GSD Shipping B.V. on 6 June 2018. In Turkey, taxation has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

**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.

By the dates 30 June 2018 and 31 December 2017, the Company's unconsolidated allocated over tax losses and unused in the financial statements and the separation of deferred tax assets, are given in the table above as titled 'Unused Tax losses and Expiry Years' under the group company separation issue. Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements of different companies subject to consolidation. However, consolidated net deferred tax assets and liabilities in the consolidated without offsetting assets and liabilities are shown separately in the financial statements arising from different companies that are subject to consolidation in the financial statements.

Deferred tax assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows:

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Deferred tax liabilities</b>		
Valuation differences of securities	18,705	13,885
Valuation and depreciation differences of fixed assets	110	120
Other	91	12
<b>Gross deferred tax liabilities</b>	<b>18,906</b>	<b>14,017</b>
<b>Deferred tax assets</b>		
Provisions arising from financial sector operations	842	774
Deferred tax effect of tax losses carried forward	1,143	574
Provision for employee termination benefits obligation	353	334
Derivative financial instruments	214	345
Provision for employee unused paid vacation obligation	267	218
Provision for employee bonus	142	243
Valuation and depreciation differences of fixed assets	10	-
Other	7	19
<b>Gross deferred tax assets</b>	<b>2,978</b>	<b>2,507</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>(15,928)</b>	<b>(11,510)</b>

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**15. TAXATION (continued)**

**Deferred tax assets and liabilities (continued)**

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

	Continuing Operations		Discontinued Operations	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Deferred tax liabilities, net at 1 January</b>	<b>(11,510)</b>	<b>(6,295)</b>	-	-
Deferred income tax recognized in consolidated statement of profit or loss	(4,348)	(1,706)	-	-
Deferred income tax recognized in consolidated other comprehensive income	(70)	(3,509)	-	-
<b>Deferred tax liabilities, net at the end of period</b>	<b>(15,928)</b>	<b>(11,510)</b>	-	-

**16. EMPLOYEE BENEFITS**

Employee bonus provision is as follows:

Continuing Operations	30 June 2018	31 December 2017
Bonus provision	1,249	2,176
<b>Total</b>	<b>1,249</b>	<b>2,176</b>

The movement in employee bonus provision is as follows:

	30 June 2018	31 December 2017
<b>At 1 January</b>	<b>2,176</b>	<b>1,803</b>
Provision reversed during the period	(927)	-
Provision set during the period	-	373
<b>Closing balance at the end of period</b>	<b>1,249</b>	<b>2,176</b>

**Long Term Employee Benefits and Vacation Liability**

	30 June 2018	31 December 2017
Employee Benefits	1,765	1,671
Vacation Pay Liability	1,314	1,074
<b>Total</b>	<b>3,079</b>	<b>2,745</b>

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

	30 June 2018	31 December 2017
Discount rate (%)	12.76	12.76
Expected rates of salary/limit increases	6.00	6.00



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**16. EMPLOYEE BENEFITS (continued)**

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 5,002 (full) and TL 4,732 (full) as at 30 June 2018 and 31 December 2017, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

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

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

	30 June 2018	31 December 2017
<b>At 1 January</b>	<b>1,671</b>	<b>1,579</b>
Actuarial losses/(gains)	43	95
Interest cost on the provision	64	91
Provision reversed due to being paid	(157)	(276)
Provision reversed without being paid	-	(2)
Service cost	144	184
<b>Closing balance at the end of period</b>	<b>1,765</b>	<b>1,671</b>

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

	30 June 2018	31 December 2017
<b>At 1 January</b>	<b>1,074</b>	<b>945</b>
Provision reversed during the period	-	-
Provision set during the period	240	129
<b>Closing balance at the end of period</b>	<b>1,314</b>	<b>1,074</b>

**17. OTHER RECEIVABLES AND PAYABLES**

**Other Receivables, Current**

	30 June 2018	31 December 2017
Transitory receivables (*)	3,266	1,291
Deposits and guarantees given	4	6
Other	412	1,389
<b>Total</b>	<b>3,642</b>	<b>2,686</b>

(\*) The credit balance counterpart of “Transitory receivables in Other Receivables” TL 3,226 is “Transfer orders in Other Payables”.

**Other Receivables, Non Current**

	30 June 2018	31 December 2017
Deposits and guarantees given	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

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**17. OTHER RECEIVABLES AND PAYABLES (continued)**

**Guarantees given in other receivables**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Other guarantees given	8	10
<b>Total</b>	<b>8</b>	<b>10</b>

**Other Payables, Short Term Liability**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Transfer Orders	3,520	1,361
Taxes and funds payable other than on income	1,628	1,579
Other	500	846
<b>Total</b>	<b>5,648</b>	<b>3,786</b>

**18. OTHER ASSETS AND LIABILITIES**

**Other Assets**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Personnel and work advances given	91	-
Deferred VAT	1,561	1,392
Other	-	1
<b>Total</b>	<b>1,652</b>	<b>1,393</b>

**Other Short Term Liabilities**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Other	13	10
<b>Total</b>	<b>13</b>	<b>10</b>

**19. SHARE CAPITAL/ TREASURY SHARES**

**Share Capital**

As at 30 June 2018 and 31 December 2017, the nominal values and number of shares of the issued capital of the Company are as follows in terms of share groups:

Share group	30 June 2018			31 December 2017		
	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
<b>Total</b>	<b>45,000,000,000</b>		<b>450,000,000.00</b>	<b>45,000,000,000</b>		<b>450,000,000.00</b>

**Privileges**

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

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**19. SHARE CAPITAL/ TREASURY SHARES (continued)**

**Privileges (continued)**

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.

**Authorised Share Capital**

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

**Treasury Shares**

As at 30 June 2018 and 31 December 2017, the carrying and nominal values and ownership percentages of the treasury shares, which consist of the shares of the Company that are owned by GSD Holding A.Ş., are as follows:

The owner of the treasury shares	30 June 2018			31 December 2017		
	Carrying Value	Nominal value	Ownership percentage	Carrying value	Nominal Value	Ownership percentage
GSD Holding A.Ş.	91,018	90,000	%20.00	91,018	90,000	%20.00
<b>Total</b>	<b>91,018</b>	<b>90,000</b>	<b>%20.00</b>	<b>91,018</b>	<b>90,000</b>	<b>%20.00</b>

**Profit Appropriation and Dividend Distribution**

The Company’s statutory retained earnings consist of the extra-ordinary reserves and the first and second legal reserves. Publicly held companies make their profit appropriation in accordance with CMB regulations and the Turkish Commercial Code as follows:

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.

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**19. SHARE CAPITAL/ TREASURY SHARES (continued)**

**Profit Appropriation and Dividend Distribution**

The exchange-traded companies in Turkey 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. The profit distribution policies of the exchange-traded companies must contain at least whether any profit will be distributed or not and if it will be distributed, the profit distribution rate determined for shareholders and other profit-sharing persons; method of payment of the dividend; time of payment of the dividend providing that the dividend distribution process will start latest by the end of the accounting period during which the general assembly meeting was held; whether advance dividend will be distributed or not and, if it will be distributed, the related principles in respect of this. The Company 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 explained below:

Dividends are distributed to all outstanding shares as of 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 of the date of share capital increase.

**Profit Distribution Policy**

According to 2017 Ordinary General Assembly of the Company has resolved on 31 May 2018 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.

According to Board of Directors Meeting of the Company has resolved on 18 April 2018 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 decision of this policy is proposed to left to the 2017 Ordinary General Assembly of the Company, 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.

Pursuant to the article 16/8, of the Communiqué on Shares (VII-128,1) promulgated by the Capital Markets Board of Turkey (the CMB), without prejudice to statutory obligations with respect to share capital increase, the applications of publicly traded companies to the CMB for share capital increases by capitalisation of internal resources excluding period profit which will result in the adjusted share price dropping below full TL 2, the share price being calculated as the average of the weighted average trading prices in stock exchange within 30 days prior to the disclosure of share capital increase to the public, are not put into process by the CMB.

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**19. SHARE CAPITAL/ TREASURY SHARES (continued)**

**Profit Distribution of Group Companies**

In the Ordinary General Assembly Meeting for the year 2017 of GSD Holding A.Ş. held on 31 May 2018, it was decided for the Company's Board of Directors to be authorized regarding the separation of TL 35,575 of net profit of year 2017 on the legal records of the Company by allocating TL 1,778 first legal reserve, from the remainder TL 33,796 amount and by allocating TL 56,776 first legal reserve from the TL 1,779 from the consolidated IFRS net profit of year 2017 and to allocate the remainder TL 54,997 amount as excess reserve.

In the Ordinary General Assembly Meeting for the year 2017 dated 22 March 2018 of GSD Faktoring A.Ş. it was decided TL 13,340 amount of gross profit that is obtained to be allocated as first premium to shareholders, to be separated TL 1,000 as first legal reserve, TL 1,069 dividend distribution to Board of Director members, to be separated TL 2,691 as corporate tax, to transfer the remainder from profit for the period TL 8,047 TL amount as excess reserve, besides TL 2,000 allocated to excess reserves at 2015 and 2016 reallocate as first Premium to shareholders.

The Ordinary General Assembly Meeting of GSD Yatırım Bankası A.Ş. was held on 22 March 2018. In the Ordinary General Assembly Meeting, it was decided to the net profit amounting to TL 31,587 provided from the activities of the year 2017, TL 6,040 as corporate tax, TL 1,277 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 21,769 as extraordinary reserves.

The Ordinary General Assembly Meeting for the year 2017 dated 31 May 2018 of GSD Denizcilik Gayrimenkul İnşaat San. Ve Tic. A.Ş. decided to net off the net loss of TL 2,656 in the 2017 statutory financial statements of the Company with the previous year's losses of 2009 and to allocate TL 15,539 as first legal reserve all to be covered by previous year's losses in the IFRS financial statements of the Company.

**Retained earnings**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Extraordinary reserves (historical)	174,860	141,063
Extraordinary reserves (arising from the first application of inflation accounting)	68,925	68,925
Inflation adjustment on extraordinary reserves	23,082	23,082
Legal reserves	6,304	6,304
Inflation adjustment on legal reserves	5,868	5,868
Transaction costs of equity transactions	(901)	(901)
IFRS adjustments	22,036	(22,054)
<b>Retained earnings</b>	<b>300,174</b>	<b>222,287</b>

**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**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Net profit/loss for the period	122,969	35,575
Extraordinary reserves (historical)	174,860	141,063
Extraordinary reserves (arising from the first application of inflation accounting)	68,925	68,925
Inflation adjustment on extraordinary reserves	23,082	23,082
<b>The items that may be distributed as dividend in statutory financial statements</b>	<b>389,836</b>	<b>268,645</b>

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**19. SHARE CAPITAL/ TREASURY SHARES (continued)**

**Profit Distribution of Group Companies (continued)**

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

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.

**Changes in Non-Controlling Interests Without Loss of Control**

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

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Opening Balance</b>	<b>(765)</b>	-
Beginning balance of the fund transferred to retained earnings	765	-
Effect of the share buy-back by GSD Holding A.Ş from GSD Denizcilik Gayrimenkul İnş.San. ve Tic. A.Ş.	-	<b>(765)</b>
<b>The Changes in Non-Controlling Interests Without Loss of Control</b>	-	<b>(765)</b>

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**19. SHARE CAPITAL/ TREASURY SHARES (continued)**

**Non-controlling interests**

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

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.	Consolidated
<b>1 January 2018</b>	<b>16,075</b>	<b>4,691</b>	<b>20,766</b>
Non-controlling interest in net profit/(loss) in the income statement	(295)	564	269
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	3,048	-	3,048
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	-	(1)	(1)
Non-controlling interest in profit/(loss) from treasury share	11	(311)	(300)
<b>30 June 2018</b>	<b>18,839</b>	<b>4,943</b>	<b>23,782</b>

**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
<b>1 January 2017</b>	<b>21,622</b>	<b>3,735</b>	<b>25,357</b>
Non-controlling interest in net profit/(loss) in the income statement	(2,734)	998	(1,736)
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	2,012	-	2,012
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(5)	(6)	(11)
Non-controlling interest in profit/(loss) from treasury share	-	-	-
Change in the Non-controlling interest share	(4,820)	(36)	(4,856)
<b>31 December 2017</b>	<b>16,075</b>	<b>4,691</b>	<b>20,766</b>

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

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
<b>30 June 2018</b>		
Current Assets	47,122	289,243
Non- Current Assets	318,768	376
<b>Total Asset</b>	<b>365,890</b>	<b>289,619</b>
Short term liabilities	72,805	241,142
Long term liabilities	185,168	741
Total liabilities	257,973	241,883
Equity	107,917	47,736
<b>Total Liability</b>	<b>365,890</b>	<b>289,619</b>
<b>30 June 2018</b>		
Net period profit/(loss)	(1,612)	5,442
Other comprehensive income	17,320	(13)
<b>Total comprehensive income</b>	<b>15,708</b>	<b>5,429</b>

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

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş.
<b>31 December 2017</b>		
Current Assets	33,329	346,151
Non- Current Assets	348,244	358
<b>Total Asset</b>	<b>381,573</b>	<b>346,509</b>
Short term liabilities	33,140	300,537
Long term liabilities	256,224	655
Total liabilities	289,364	301,192
Equity	92,209	45,317
<b>Total Liability</b>	<b>381,573</b>	<b>349,509</b>
<b>31 December 2017</b>		
Net period profit/(loss)	(15,539)	9,636
Other comprehensive income	11,408	(47)
<b>Total comprehensive income</b>	<b>(4,131)</b>	<b>9,589</b>

(\*) The details of the above summarised financial data are obtained from consolidated IFRS financial statements except the eliminations of intragroup balances.

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**20. ASSETS HELD FOR SALE**

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Assets held for sale	76	53,626
<b>Total</b>	<b>76</b>	<b>53,626</b>

**Assets held for sale**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Cost	76	53,626
<b>Total</b>	<b>76</b>	<b>53,626</b>

**Movement table of assets held for sale:**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Opening balance at 1 January</b>	<b>53,626</b>	<b>59,281</b>
Additions	-	-
Disposals (*)	(53,550)	(5,655)
<b>Closing balance at the end of period</b>	<b>76</b>	<b>53,626</b>

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

As of 30 June 2018, TL 135,619 income from investing activities consists of TL 98,600 from valuation of Silopi Elektrik Üretim A.Ş. and TL 25,666 from sales of property.

There is no liability from assets held for sale from continued activities.

As of 30 June 2018, the Group has no discontinued operations.



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**21. RELATED PARTY DISCLOSURES**

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

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

	30 June 2018				31 December 2017			
	GSD Group	Delta Group	Share-holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	<b>Continuing Operations</b>				<b>Continuing Operations</b>			
Cash loans	-	-	796	-	-	-	1,303	-
Non-cash loans (*)	22,879	-	-	-	-	-	-	-
Deposits-Borrowers' funds	-	2,020	7	-	-	2,045	5,114	-

  

	30 June 2018				30 June 2017			
	GSD Group	Delta Group	Share-Holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	<b>Continuing Operations</b>				<b>Continuing Operations</b>			
Interest income	-	-	96	-	-	-	33	-
Interest expense	-	-	755	-	-	-	-	-
Rent expense	-	-	2,109	-	-	-	1,138	-
Commission income	-	-	4	-	-	-	-	-

(\*) USD 5,017 thousand of the amount is guarantees given by the GSD Denizcilik on behalf of Zeyno to ICBC Bank.

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

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

The executive and non-executive members of the Board of Directors and the management received remuneration and fees totalling TL 5,324 for continuing operations for the annual period ended 30 June 2018 and none for discontinued operations (30 June 2017: TL 4,459 for continuing operations, none for discontinued operations).

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**22. PROVISIONS AND COMMITMENTS**

**Provision for litigation**

There is no provision for litigations that is required to be set or disclosed for continuing operations as at 30 June 2018 and 31 December 2017.

**Short term Provisions**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Non cash loan provisions	14	13
Other	-	10
<b>Total</b>	<b>14</b>	<b>23</b>

**Non cash loan provisions movement table:**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Opening Balance</b>	13	13
Provision set during / (reversed) the period	1	10
<b>Closing balance at the end of period</b>	<b>14</b>	<b>23</b>

**Commitments**

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Letters of guarantee	1,032,580	1,009,160
<b>Total non-cash loans</b>	<b>1,032,580</b>	<b>1,009,160</b>
Other commitments	34	29
<b>Total non-cash loans and off-balance sheet commitments</b>	<b>1,032,614</b>	<b>1,009,189</b>

**23. FINANCIAL RISK MANAGEMENT**

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

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**23. FINANCIAL RISK MANAGEMENT (continued)**

Foreign currency position table <sup>(**)</sup> (Unless indicated, original currency)	30 June 2018				31 December 2017			
	TL	Thousand USD	Thousand Euro	Other (TL)	TL	Thousand USD	Thousand Euro	Other (TL)
1. Trade Receivables	5,754	1,262	-	-	3,123	828	-	-
2a. Monetary Financial Assets (Cash and Bank)	240,164	50,375	1,961	9	135,663	33,540	1,841	841
2b. Non-Monetary Financial Assets	595,672	130,610	-	-	499,816	132,510	-	-
3. Other	2,465	536	5	-	1,875	488	7	-
<b>4. Current Asset (1+2+3)</b>	<b>844,055</b>	<b>182,783</b>	<b>1,966</b>	<b>9</b>	<b>640,477</b>	<b>167,366</b>	<b>1,848</b>	<b>841</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets (Cash and Bank)	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	515,143	112,953	-	-	366,569	97,183	-	-
<b>8. Non Current Assets (5+6+7)</b>	<b>515,143</b>	<b>112,953</b>	<b>-</b>	<b>-</b>	<b>366,569</b>	<b>97,183</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>1,359,198</b>	<b>295,736</b>	<b>1,966</b>	<b>9</b>	<b>1,007,046</b>	<b>264,549</b>	<b>1,848</b>	<b>841</b>
10. Trade Payables	1,288	282	-	-	613	163	-	-
11. Financial Liabilities	141,169	28,802	1,841	35	74,095	17,345	1,730	856
12a. Monetary Other Financial Liabilities	14	-	2	1	188	48	-	1
12b. Non Monetary Other Financial Liabilities	1,547	337	2	-	847	221	2	3
<b>13. Short Term Liability (10+11+12)</b>	<b>144,018</b>	<b>29,421</b>	<b>1,845</b>	<b>36</b>	<b>75,743</b>	<b>17,777</b>	<b>1,732</b>	<b>860</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	290,901	63,785	-	-	227,305	60,263	-	-
16 a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
16 b. Non Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liability (14+15+16)</b>	<b>290,901</b>	<b>63,785</b>	<b>-</b>	<b>-</b>	<b>227,305</b>	<b>60,263</b>	<b>-</b>	<b>-</b>
<b>18. Total Liability (13+17)</b>	<b>434,919</b>	<b>93,206</b>	<b>1,845</b>	<b>36</b>	<b>303,048</b>	<b>78,040</b>	<b>1,732</b>	<b>860</b>
19. Net Asset/(Liability) Position of Off Balance Sheet Foreign Currency Derivative Instruments(19a-19b)	45,607	10,000	-	-	73,554	19,501	-	-
19a. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	45,607	10,000	-	-	73,554	19,501	-	-
19b. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	-	-	-	-
<b>20. Net financial position (9-18+19)</b>	<b>969,886</b>	<b>212,530</b>	<b>121</b>	<b>(27)</b>	<b>777,552</b>	<b>206,010</b>	<b>116</b>	<b>(19)</b>
<b>21. Position of Net Monetary Units of Foreign Currency Assets / (Liabilities) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(187,454)</b>	<b>(41,232)</b>	<b>118</b>	<b>(27)</b>	<b>(163,415)</b>	<b>(43,451)</b>	<b>111</b>	<b>(16)</b>
22. Total Fair value of Financial Instruments used for Currency Hedge	(972)	-	-	(972)	(1,569)	-	-	(1,569)
23. Amount of hedged Foreign Currency Assets <sup>(*)</sup>	-	-	-	-	-	-	-	-
24. Amount of hedged Foreign Currency Liabilities <sup>(*)</sup>	45,607	10,000	-	-	73,554	19,501	-	-
25. Export	-	-	-	-	-	-	-	-
26. Import	-	-	-	-	-	-	-	-

<sup>(\*)</sup> Hedge accounting has not been applied in accordance with IFRS.

<sup>(\*\*)</sup> Continuing and discontinued operations are both explained under the same foreign currency position table.

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**23. FINANCIAL RISK MANAGEMENT (continued)**

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.

As at 30 June 2018 and 31 December 2017, group collateral and pledge position are as follows:

<b>Continuing Operations</b>		<b>30 June 2018</b>				
<b>Collaterals, pledges, mortgages and guarantees given by the Group</b>		<b>TL</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities</b>		<b>8</b>	<b>89,496</b>	<b>-</b>	<b>-</b>	<b>89,504</b>
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		8	1,141	-	-	1,149
6. Mortgage given as collateral against cash loans(***)		-	56,236	-	-	56,236
7. Subsidiary share pledge given as collateral against cash loans(***)		-	32,119	-	-	32,119
8. Other		-	-	-	-	-
<b>B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies</b>		<b>200,458</b>	<b>893,951</b>	<b>1,090</b>	<b>-</b>	<b>1,095,499</b>
1. Guarantees given as collateral against cash loans (*)		200,042	698,269	1,090	-	899,401
2. Guarantees given as collateral against derivative contracts (*)		-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans		-	-	-	-	-
4. Other non-cash loans		416	-	-	-	416
5. Mortgage given as collateral against cash loans(***)		-	195,682	-	-	195,682
6. Subsidiary share pledge given as collateral against cash loans		-	-	-	-	-
7. Bank deposit given as collateral against cash loans		-	-	-	-	-
8. Other		-	-	-	-	-
<b>C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities</b>		<b>604,546</b>	<b>400,082</b>	<b>27,952</b>	<b>-</b>	<b>1,032,580</b>
1. Non-cash loans given by the Group Banks		604,546	400,082	27,952	-	1,032,580
2. Other		-	-	-	-	-
<b>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 Communiqué on the Corporate Governance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Other collaterals, pledges, mortgages and guarantees given by the Group</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-	-
<b>Total</b>		<b>805,012</b>	<b>1,383,529</b>	<b>29,042</b>	<b>-</b>	<b>2,217,583</b>

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**23. FINANCIAL RISK MANAGEMENT (continued)**

Continuing Operations Collaterals, pledges, mortgages and guarantees given by the Group	31 December 2017				
	TL	US Dollars	Euro	Others	Total
<b>A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities</b>	<b>10</b>	<b>85,627</b>	-	-	<b>85,637</b>
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	-	158	-	-	158
4. Marketable Securities	-	-	-	-	-
5. Cash and bank deposit pledges	10	6,007	-	-	6,017
6. Mortgage given as collateral against cash loans <sup>(***)</sup>	-	51,354	-	-	51,354
7. Subsidiary share pledge given as collateral against cash loans <sup>(***)</sup>	-	28,108	-	-	28,108
8. Other	-	-	-	-	-
<b>B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies</b>	<b>264,041</b>	<b>681,675</b>	<b>523</b>	<b>827</b>	<b>947,066</b>
1. Guarantees given as collateral against cash loans <sup>(*)</sup>	263,616	566,025	523	827	830,991
2. Guarantees given as collateral against derivative contracts <sup>(*)</sup>	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	425	-	-	-	425
5. Mortgage given as collateral against cash loans <sup>(***)</sup>	-	108,455	-	-	108,455
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	7,195	-	-	7,195
8. Other	-	-	-	-	-
<b>C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities</b>	<b>756,650</b>	<b>250,252</b>	<b>2,258</b>	-	<b>1,009,160</b>
1. Non-cash loans given by the Group Banks	756,650	250,252	2,258	-	1,009,160
2. Other	-	-	-	-	-
<b>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 Communiqué on the Corporate Governance</b>	-	-	-	-	-
<b>E. Other collaterals, pledges, mortgages and guarantees given by the Group</b>	-	-	-	-	-
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder <sup>(**)</sup>	-	-	-	-	-
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	-	-	-	-	-
<b>Total</b>	<b>1,020,701</b>	<b>1,017,554</b>	<b>2,781</b>	<b>827</b>	<b>2,041,863</b>

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder indicate the total risk exposure arising from the non-cash loans given by the Group Banks in favor of Mehmet Turgut Yılmaz, the chairman of the Board of Directors of the Company, and Delta Group Companies which are under his control.

<sup>(\*\*\*)</sup> The dry bulk cargo ships named M/V Cano, M/V Dodo, M/V Hako, M/V Zeyno and M/V Olivia owned by Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited and Neco Maritime Limited, respectively, and the 100% shares of Cano Maritime Limited 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. GSD Holding A.Ş. and GSD Shipping B.V. gave mortgage in favor of banks which loaned Zeyno Maritime Limited and Mila Maritime Limited used for ship purchase.

The line of "E. Total amount of other given TRIKs in the group " in the table asserted above refers to the ratio of other given TRIs by the Group to the Group's equity is 0% as of 30 June 2018 (31 December 2017: 0%).

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**24. FAIR VALUES**

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

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

	30 June 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans and advances to customers	277,920	277,920	193,667	193,667
Finance lease receivables	23	23	21	21
Factoring receivables	288,517	288,517	345,586	345,586
<b>Total</b>	<b>566,460</b>	<b>566,460</b>	<b>539,274</b>	<b>539,274</b>
<b>Financial liabilities</b>				
Funds borrowed	552,575	552,575	515,620	515,620
Factoring payables	2,796	2,796	1,812	1,812
<b>Total</b>	<b>555,371</b>	<b>555,371</b>	<b>517,432</b>	<b>517,432</b>

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.

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**25. EARNINGS PER SHARE**

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period adjusted, for “Bonus Shares” when they are issued to shareholders without any consideration as explained below, subsequent to the date of financial statements, but before their authorization.

In Turkey, companies can increase their share capital by making a prorata distribution of shares (“Bonus Shares”) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and restatement differences. For the purpose of the EPS calculation such Bonus Shares are regarded as stock dividends. Dividend payments made in the form of free shares are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares.

The following reflects the data used in the basic earnings per share computations:

<b>Continuing Operations</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Net profit/(loss)	141,484	13,318
The weighted average number of shares with a nominal value of full TL 1	360,000,000	364,700,000
<b>Basic earnings per share with a nominal value of full TL 1</b>	<b>0.393</b>	<b>0.037</b>
<b>Diluted earnings per share with a nominal value of full TL 1</b>	<b>0.393</b>	<b>0.037</b>
<b>Discontinued Operations</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Net profit/(loss)	-	-
The weighted average number of shares with a nominal value of full TL 1	360,000,000	364,700,000
<b>Basic earnings per share with a nominal value of full TL 1</b>	<b>-</b>	<b>-</b>
<b>Diluted earnings per share with a nominal value of full TL 1</b>	<b>-</b>	<b>-</b>

**26. CASH FLOWS**

Cash and cash equivalents at the beginning of the cash flows statement for the year ended 31 December 2017 are reclassified to cash and cash equivalents are classified under continuing operations in the financial statements for the year ended 31 December 2017.

**Cash and cash equivalents in the statement of cash flows:**

<b>Continuing Operations</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Cash on hand and balances with the Central Bank	6,243	4,220
Banks and financial institutions	164,862	90,633
Reserve requirements	8,511	7,150
<b>Cash and cash equivalents in the statement of financial position</b>	<b>179,616</b>	<b>102,003</b>
Less: Required reserve	(8,511)	(7,150)
Less: Accrued interest	(142)	(99)
Less: Blocked amount <sup>(1)</sup>	(1,141)	(1,754)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>169,822</b>	<b>93,000</b>

<sup>(1)</sup> In accordance with the decision taken at the meeting dated 7 June 2013 and numbered 20/670 of the CMB, templates of financial statements and guidance on the use of financial statements issued since the interim period ended 31 March 2013 have been published for the capital market institutions which are included in the Communiqué on Principles of Financial Reporting in Capital Markets. Blocked cash amounting to TL 1,887 in the cash and cash equivalents at 1 January and blocked cash amounting to TL 1,141 in the cash and cash equivalents at 31 December have been netted off respectively.

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**27. EVENTS AFTER THE REPORTING PERIOD**

The Turkish Lira has devalued significantly against certain foreign currencies between 30 June 2018 and 17 August 2018 when the financial statements were approved. The devaluation has been 24% against the US Dollar and 22% against the Euro.

**Appointment of New Board Member**

Member of Board of Directors of GSD Holding A.Ş. and GSD Yatırım Bankası A.Ş., Murat Atım has passed away on 31 July 2018. In accordance with article 363 of the TCC, Canan Sümer has been appointed as the representative for D group shareholders and has authorized as A group signature representative for the remaining period of the ex-member and will be voted in first General Assembly.

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

**The Share Buy-Back Program of GSD Holding A.Ş.**

The Annual General Assembly of GSD Holding A.Ş. held on 25 June 2015 in connection with the year 2014 resolved to approve the Three-Year Share Buy-Back Program of GSD Holding A.Ş. prepared by the Board of Directors of GSD Holding A.Ş. by means of the resolution dated 29 May 2015 and to authorise the Board of Directors of GSD Holding A.Ş. to make share buy-back within the framework of this program. The Board of Directors of GSD Holding A.Ş. resolved to transfer the authority granted to it by the General Assembly to Akgün Türer, the Vice-Chairman and General Manager of the Company, on 25 June 2015 pursuant to the Article 5/1 of the Communiqué on Bought Back Shares (II-22.1) of the Capital Markets Board of Turkey.

The aim of the share buy-backs to be made within the framework of the Share Buy-Back Program of GSD Holding A.Ş. is to support the stock exchange price of the shares of GSD Holding A.Ş. trading in Borsa İstanbul (BIST) below its book value and to make use of the liquidity of the Company to this aim, the maximum duration of implementation being three years. The maximum number of the shares to be bought back within the framework of the Share Buy-Back Program is up to the 10 % of the share capital of the Company including prior share repurchases pursuant to the Article 9 of the Communiqué on Bought Back Shares (II-22.1) of the Capital Markets Board of Turkey, but is up to the 5.338 % of the share capital of the Company in the event that the shares of GSD Holding A.Ş. owned by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. with a percentage in share capital of 4.662 % are held without being sold for the duration of the program. The program is to be terminated when the amount of the share buy-backs reaches the maximum number of the shares to be bought back within the framework of the Share Buy-Back Program. The fixed upper and lower price limits for the the shares to be bought back within the framework of the Share Buy-Back Program are full TL 1.00 and full TL 2.25. In the event that the transactions requiring an adjustment to the share price are carried out, the specified lower and upper price limits are subject to adjustment within the framework of the regulations of Borsa İstanbul (BIST) and have been adjusted to be full TL 0.76 and full TL 2.01 due to the gross dividend distribution in cash of TL 0.24 per share with a nominal value of TL 1 on 29 July 2015 for the first time in this context. The principles for the disposal of the shares to be bought back within the framework of the Share Buy-Back Program are not determined. The total amount of the fund reserved for the share buy-back to be made within the framework of the Share Buy-Back Program is full TL 60,000,000 and to be provided through equity sources.



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

**The Share Buy-Back Program of GSD Holding A.Ş. (countined)**

This Share Buy-back Programme is the first share buy-back programme to be implemented by GSD Holding A.Ş.. The shares of GSD Holding A.Ş. bought back and not disposed of until the beginning of the program consist of the shares of GSD Holding A.Ş. with a nominal value of TL 11,654,221.744 and with a percentage in share capital of 4.662% owned by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., a subsidiary of GSD Holding A.Ş., having been acquired prior to the coming into force of the Communiqué on Bought Back Shares (II-22.1) of CMB. In the event share buy-backs are made as much as the total amount of the fund of full TL 60,000,000 reserved for the share buy-back to be made within the framework of the Share Buy-Back Program, the liquidity of the Company will decrease as much as that amount and the bought-back shares will be recognised under the heading “Treasury Shares”, as a deficit account, within the equity in the consolidated IFRS financial statements of the Company in the amount of repurchase. Pursuant to the Article 20 of the Communiqué on Bought Back Shares (II-22.1) of CMB, reserve funds are to be set aside up to the acquisition value of the bought back shares, and classified as restricted reserves under the shareholders’ equity; the bought back shares and the said reserve funds are to be shown in the financial statements in line with the formats announced by the CMB; the reserves set aside as per this article are to be released up to an amount sufficient to meet the acquisition value, if the bought back shares are disposed of or redeemed. No gain or loss is recognized in the consolidated income statement and other comprehensive income on the purchase, issue, sale or cancellation of the Company’s own equity instruments pursuant to IAS 32. There is no subsidiary to be able to make share buy-back within the framework of the Share Buy-Back Program.

As a result of increase of 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. 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, In order to follow up repurchased shares in the consolidated financial statements, free shares nominal values are able to be illustrated under shareholder’s equity “repurchased shares(-)” account and net off via “reserves on buy backed shares” account. With respect to aforementioned above phrase illustration, there is no change or effect on retained earnings balance and total shareholder’s equity balance in consolidated financial statements.

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

**The purchase of shares of GSD Holding A.Ş. by GSD Holding A.Ş. in Borsa İstanbul (BIST) and the sale of shares of GSD Holding A.Ş. by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. in Borsa İstanbul (BIST)**

GSD Holding A.Ş. bought back the Class (D) shares of GSD Holding A.Ş. with a nominal value of full TL 25,000,000 and a percentage in share capital of 10 % for full TL 31,312,088.73 for unadjusted prices of full TL 1.10-1.55 per share with a nominal value of full TL 1 on the National Market of Borsa İstanbul between 30 June 2015 and 25 May 2016 to be settled 2 business day later within the framework of the Share Buy-Back Program of GSD Holding A.Ş. prepared by the Board of Directors of GSD Holding A.Ş. by means of the resolution dated 29 May 2015 and approved by the Annual General Assembly of GSD Holding A.Ş. held on 25 June 2015 in connection with the year 2014. GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. sold the Class (D) of GSD Holding A.Ş. with a nominal value of full TL 11,654,221.74 and a percentage in share capital of 4.662 % for full TL 15,411,114.92 for unadjusted prices of full TL 1.24-1.55 per share with a nominal value of full TL 1 on the National Market of Borsa İstanbul between 30 June 2015 and 25 May 2016 to be settled 2 business day later within the framework of the Resolution of the Board of Directors of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. dated 25 June 2015 in relation to the sale of the Class (D) shares of GSD Holding A.Ş. owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. with a nominal value of full TL 11,654,221.74 and a percentage in share capital of 4.662% on the National Market of Borsa İstanbul (BIST) pursuant to the Article 19/6 of the Communiqué on Bought Back Shares (II-22.1) of the Capital Markets Board of Turkey.

As a result of these transactions between 30 June 2015 and 25 May 2016, the buy-backed shares in relation to the shares of GSD Holding A.Ş. including those held by subsidiaries increased from a nominal value of full TL 11,654,221.74 and a percentage in share capital of 4.662% to a nominal value of full TL 25,000,000.00 and a percentage in share capital of 10% and the percentages in share capital of those held by GSD Holding A.Ş. and GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. increased from zero to a 10% and decreased from 4.662% to zero, respectively.

**Additon to The Share Buy-Back Program of GSD Holding A.Ş.**

On 21 July 2016 and 25 July 2016, the Capital Markets Board announced that the publicly listed companies may recapture their shares in the stock market without any limit, by taking the decision of the board of directors and making a special case announcement. In return for the announcement of the CMB, in addition to the previously completed share repurchase program in line with the decision of the board of directors dated 26 July 2016. The Board of Directors of GSD Holding A.Ş. resolved to transfer the authority granted to it by the General Assembly to Akgün Türer, the Vice-Chairman and General Manager of the Company, the Company decided to acquire additional 10% (TL 25,000,000). It has been decided to allocate amounting to TL 40,000,000 for the repurchase of new shares to be made within this scope.

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

**The purchase of shares of GSD Holding A.Ş. by GSD Holding A.Ş. in Borsa İstanbul (BIST) and the sale of shares of GSD Holding A.Ş. by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. in Borsa İstanbul (BIST)**

The company holds GSD Holding A.Ş. share	Buy/(Sales) Transactions				Accumulated Situation			Transaction Explanations			
	Transaction Cost	Carried Value	Nominal Value	Nominal %	Carried Value	Nominal Value	Nominal %	Type of Transaction	Transaction Market	Transaction Date	Effective Date
<b>Recalled shares</b>											
GSD Holding A.Ş.	1,938	1,938	1,250	0.500%	1,938	1,250	0.500%	Buying	ISE	30.06.15	02.07.15
GSD Holding A.Ş.	552	552	477	0.191%	552	477	0.691%	Buying	ISE	02.10.15	06.10.15
GSD Holding A.Ş.	568	568	473	0.189%	568	473	0.880%	Buying	ISE	27.10.15	02.11.15
GSD Holding A.Ş.	1,019	1,019	800	0.320%	1,019	800	1.200%	Buying	ISE	10.11.15	12.11.15
GSD Holding A.Ş.	1,135	1,135	900	0.360%	1,135	900	1.560%	Buying	ISE	11.11.15	13.11.15
GSD Holding A.Ş.	1,241	1,241	1,000	0.400%	1,241	1,000	1.960%	Buying	ISE	12.11.15	16.11.15
GSD Holding A.Ş.	1,261	1,261	1,000	0.400%	1,261	1,000	2.360%	Buying	ISE	13.11.15	17.11.15
GSD Holding A.Ş.	1,267	1,267	1,000	0.400%	1,267	1,000	2.760%	Buying	ISE	16.11.15	18.11.15
GSD Holding A.Ş.	1,280	1,280	1,000	0.400%	1,280	1,000	3.160%	Buying	ISE	17.11.15	19.11.15
GSD Holding A.Ş.	1,547	1,547	1,300	0.520%	1,547	1,300	3.680%	Buying	ISE	18.11.15	20.11.15
GSD Holding A.Ş.	1,547	1,547	1,300	0.520%	1,547	1,300	4.200%	Buying	ISE	19.11.15	23.11.15
GSD Holding A.Ş.	1,560	1,560	1,300	0.520%	1,560	1,300	4.720%	Buying	ISE	20.11.15	24.11.15
GSD Holding A.Ş.	826	826	700	0.280%	826	700	5.000%	Buying	ISE	23.11.15	25.11.15
GSD Holding A.Ş.	1,118	1,118	1,000	0.400%	1,118	1,000	5.400%	Buying	ISE	24.11.15	26.11.15
GSD Holding A.Ş.	1,305	1,305	1,150	0.460%	1,305	1,150	5.860%	Buying	ISE	25.11.15	27.11.15
GSD Holding A.Ş.	1,150	1,150	1,000	0.400%	1,150	1,000	6.260%	Buying	ISE	26.11.15	30.11.15
GSD Holding A.Ş.	855	855	750	0.300%	855	750	6.560%	Buying	ISE	27.11.15	01.12.15
GSD Holding A.Ş.	684	684	600	0.240%	684	600	6.800%	Buying	ISE	03.12.15	07.12.15
GSD Holding A.Ş.	1,937	1,937	1,450	0.580%	1,937	1,450	7.380%	Buying	ISE	19.04.16	21.04.16
GSD Holding A.Ş.	1,244	1,244	950	0.380%	1,244	950	7.760%	Buying	ISE	21.04.16	25.04.16
GSD Holding A.Ş.	1,452	1,452	1,100	0.440%	1,452	1,100	8.200%	Buying	ISE	11.05.16	13.05.16
GSD Holding A.Ş.	1,848	1,848	1,400	0.560%	1,848	1,400	8.760%	Buying	ISE	12.05.16	16.05.16
GSD Holding A.Ş.	1,344	1,344	1,050	0.420%	1,344	1,050	9.180%	Buying	ISE	23.05.16	25.05.16
GSD Holding A.Ş.	1,334	1,334	1,050	0.420%	1,334	1,050	9.600%	Buying	ISE	24.05.16	26.05.16
GSD Holding A.Ş.	1,300	1,300	1,000	0.400%	1,300	1,000	10.000%	Buying	ISE	25.05.16	27.05.16
GSD Holding A.Ş.	7,396	7,396	7,500	3.000%	7,396	7,500	13.000%	Buying	ISE	26.07.16	28.07.16
GSD Holding A.Ş.	2,097	2,097	2,100	0.840%	2,097	2,100	13.840%	Buying	ISE	27.07.16	29.07.16
GSD Holding A.Ş.	400	400	400	0.160%	400	400	14.000%	Buying	ISE	28.07.16	01.08.16
GSD Holding A.Ş.	982	982	1,000	0.400%	982	1,000	14.400%	Buying	ISE	29.07.16	02.08.16
GSD Holding A.Ş.	599	599	600	0.240%	599	600	14.640%	Buying	ISE	01.08.16	03.08.16
GSD Holding A.Ş.	99	99	100	0.040%	99	100	14.680%	Buying	ISE	02.08.16	04.08.16
GSD Holding A.Ş.	198	198	200	0.080%	198	200	14.760%	Buying	ISE	04.08.16	08.08.16
GSD Holding A.Ş.	980	980	1,000	0.400%	980	1,000	15.160%	Buying	ISE	17.08.16	19.08.16
GSD Holding A.Ş.	833	833	850	0.340%	833	850	15.500%	Buying	ISE	18.08.16	22.08.16
GSD Holding A.Ş.	727	727	750	0.300%	727	750	15.800%	Buying	ISE	22.08.16	24.08.16
GSD Holding A.Ş.	485	485	500	0.200%	485	500	16.000%	Buying	ISE	24.08.16	26.08.16
GSD Holding A.Ş.	734	734	750	0.300%	734	750	16.300%	Buying	ISE	25.08.16	29.08.16
GSD Holding A.Ş.	392	392	400	0.160%	392	400	16.460%	Buying	ISE	26.08.16	30.08.16
GSD Holding A.Ş.	82	82	89	0.036%	82	89	16.496%	Buying	ISE	26.09.16	28.09.16
GSD Holding A.Ş.	246	246	261	0.104%	246	261	16.600%	Buying	ISE	27.09.16	29.09.16
GSD Holding A.Ş.	474	474	500	0.200%	474	500	16.800%	Buying	ISE	29.09.16	03.10.16
GSD Holding A.Ş.	470	470	500	0.200%	470	500	17.000%	Buying	ISE	30.09.16	04.10.16
GSD Holding A.Ş.	477	477	500	0.200%	477	500	17.200%	Buying	ISE	04.10.16	06.10.16
GSD Holding A.Ş.	245	245	250	0.100%	245	250	17.300%	Buying	ISE	10.10.16	12.10.16
GSD Holding A.Ş.	-	-	34,600	-	-	34,600	-	Free			
GSD Holding A.Ş.	2,241	2,241	4,150	0.922%	2,241	4,150	18.222%	Buying	ISE	29.11.16	01.12.16
GSD Holding A.Ş.	1,060	1,060	2,000	0.445%	1,060	2,000	18.667%	Buying	ISE	01.12.16	05.12.16
GSD Holding A.Ş.	530	530	1,000	0.222%	530	1,000	18.889%	Buying	ISE	06.12.16	08.12.16
GSD Holding A.Ş.	160	160	300	0.066%	160	300	18.956%	Buying	ISE	07.12.16	09.12.16
GSD Holding A.Ş.	3,199	3,199	4,700	1.044%	3,199	4,700	20.000%	Buying	ISE	14.12.17	18.12.17
<b>Total</b>	<b>56,418</b>	<b>56,418</b>	<b>90,000</b>	<b>20.00%</b>	<b>56,418</b>	<b>90,000</b>	<b>20.00%</b>				
<b>Mutual Subsidiary Adjustments.</b>											
GSD Denizcilik	(1,938)	(1,132)	(1,250)	(0.500%)	9,605	10,404	4.162%	Sales	ISE	30.06.15	02.07.15
GSD Denizcilik	(638)	(500)	(500)	(0.200%)	9,105	9,904	3.962%	Sales	ISE	10.11.15	12.11.15
GSD Denizcilik	(756)	(622)	(600)	(0.240%)	8,483	9,304	3.722%	Sales	ISE	11.11.15	13.11.15
GSD Denizcilik	(992)	(874)	(800)	(0.320%)	7,609	8,504	3.402%	Sales	ISE	12.11.15	16.11.15
GSD Denizcilik	(756)	(594)	(600)	(0.240%)	7,015	7,904	3.162%	Sales	ISE	13.11.15	17.11.15
GSD Denizcilik	(1,937)	(1,578)	(1,454)	(0.582%)	5,437	6,450	2.580%	Sales	ISE	19.04.16	21.04.16
GSD Denizcilik	(1,244)	(1,031)	(950)	(0.380%)	4,406	5,500	2.200%	Sales	ISE	21.04.16	25.04.16
GSD Denizcilik	(1,452)	(1,194)	(1,100)	(0.440%)	3,212	4,400	1.760%	Sales	ISE	11.05.16	13.05.16
GSD Denizcilik	(1,848)	(1,519)	(1,400)	(0.560%)	1,693	3,000	1.200%	Sales	ISE	12.05.16	16.05.16
GSD Denizcilik	(1,344)	(1,140)	(1,050)	(0.420%)	553	1,950	0.780%	Sales	ISE	23.05.16	25.05.16
GSD Denizcilik	(1,206)	(1,031)	(950)	(0.380%)	(478)	1,000	0.400%	Sales	ISE	24.05.16	26.05.16
GSD Denizcilik	(1,300)	(1,085)	(1,000)	(0.400%)	(1,563)	-	-	Sales	ISE	25.05.16	27.05.16
GSD Denizcilik	-	1,563	-	-	1,563	-	-	Cons. Adj.	-	-	-
<b>Total</b>	<b>(15,411)</b>	<b>(10,737)</b>	<b>(11,654)</b>	<b>(4.662%)</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Total</b>	<b>41,007</b>	<b>45,681</b>	<b>78,346</b>	<b>17.410%</b>	<b>56,418</b>	<b>90,000</b>	<b>20.00%</b>				

**GSD Holding Anonim Şirketi**  
**Notes to the Consolidated Financial Statements**  
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(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)

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

**The movement of additional buy-back programme between the dates 28.07.2016-17.08.2018**

In the repurchase of shares process which is started on 26 July 2016 and still continuous, the proportion of repurchase share on report date 17 August 2018 and the Company's share capital registered on 30 November 2016 amounting TL 450,000,000 is 20.00%. There are not any shares can be repurchase.

The company holds GSD Holding A.Ş. share	Buy/(Sales) Transactions				Accumulated Situation			Transaction Explanations			
	Transaction Cost	Carried Value	Nominal Value	Nominal %	Carried Value	Nominal Value	Nominal %	Type of Transaction	Transaction Market	Transaction Date	Effective Date
<b>Recalled shares</b>					31,312	25,000	10.000%	-	-		-
GSD Holding A.Ş.	7,396	7,396	7,500	3.000%	38,708	32,500	13.000%	Buying	ISE	26.07.16	28.07.16
GSD Holding A.Ş.	2,097	2,097	2,100	0.840%	40,805	34,600	13.840%	Buying	ISE	27.07.16	29.07.16
GSD Holding A.Ş.	400	400	400	0.160%	41,205	35,000	14.000%	Buying	ISE	28.07.16	01.08.16
GSD Holding A.Ş.	982	982	1,000	0.400%	42,187	36,000	14.400%	Buying	ISE	29.07.16	02.08.16
GSD Holding A.Ş.	599	599	600	0.240%	42,786	36,600	14.640%	Buying	ISE	01.08.16	03.08.16
GSD Holding A.Ş.	99	99	100	0.040%	42,885	36,700	14.680%	Buying	ISE	02.08.16	04.08.16
GSD Holding A.Ş.	198	198	200	0.080%	43,083	36,900	14.760%	Buying	ISE	04.08.16	08.08.16
GSD Holding A.Ş.	980	980	1,000	0.400%	44,063	37,900	15.160%	Buying	ISE	17.08.16	19.08.16
GSD Holding A.Ş.	833	833	850	0.340%	44,896	38,750	15.500%	Buying	ISE	18.08.16	22.08.16
GSD Holding A.Ş.	727	727	750	0.300%	45,623	39,500	15.800%	Buying	ISE	22.08.16	24.08.16
GSD Holding A.Ş.	485	485	500	0.200%	46,108	40,000	16.000%	Buying	ISE	24.08.16	26.08.16
GSD Holding A.Ş.	734	734	750	0.300%	46,842	40,750	16.300%	Buying	ISE	25.08.16	29.08.16
GSD Holding A.Ş.	392	392	400	0.160%	47,234	41,150	16.460%	Buying	ISE	26.08.16	30.08.16
GSD Holding A.Ş.	82	82	89	0.036%	47,316	41,239	16.496%	Buying	ISE	26.09.16	28.09.16
GSD Holding A.Ş.	246	246	261	0.104%	47,562	41,500	16.600%	Buying	ISE	27.09.16	29.09.16
GSD Holding A.Ş.	474	474	500	0.200%	48,036	42,000	16.800%	Buying	ISE	29.09.16	03.10.16
GSD Holding A.Ş.	470	470	500	0.200%	48,506	42,500	17.000%	Buying	ISE	30.09.16	04.10.16
GSD Holding A.Ş.	477	477	500	0.200%	48,983	43,000	17.200%	Buying	ISE	04.10.16	06.10.16
GSD Holding A.Ş.	245	245	250	0.100%	49,228	43,250	17.300%	Buying	ISE	10.10.16	12.10.16
GSD Holding A.Ş.	-	-	34,600			77,850		Free			
GSD Holding A.Ş.	2,241	2,241	4,150	0.922%	51,469	82,000	18.222%	Buying	ISE	29.11.16	01.12.16
GSD Holding A.Ş.	1,060	1,060	2,000	0.445%	52,529	84,000	18.667%	Buying	ISE	01.12.16	05.12.16
GSD Holding A.Ş.	530	530	1,000	0.222%	53,059	85,000	18.889%	Buying	ISE	06.12.16	08.12.16
GSD Holding A.Ş.	160	160	300	0.066%	53,219	85,300	18.956%	Buying	ISE	07.12.16	09.12.16
GSD Holding A.Ş.	3,199	3,199	4,700	1.044%	56,418	90,000	20.000%	Buying	ISE	14.12.17	18.12.17
<b>Total</b>	<b>56,418</b>	<b>56,418</b>	<b>90,000</b>	<b>20.00%</b>	<b>56,418</b>	<b>90,000</b>	<b>20.000%</b>				

**GSD Holding Anonim Şirketi**  
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*(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)*

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

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

As at 30 June 2018, direct share ratio total of Mehmet Turgut Yılmaz on GSD Holding A.Ş. is at 25.50%, total ratio of direct and indirect shares at 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.

**The Share Buy-Back Program of GSD Holding A.Ş. approved by the Annual General Assembly of GSD Holding A.Ş. held on 25 June 2015**

The Annual General Assembly of GSD Holding A.Ş. held on 25 June 2015 in connection with the year 2014 resolved to approve the Three-Year Share Buy-Back Program of GSD Holding A.Ş. prepared by the Board of Directors of GSD Holding A.Ş. by means of the resolution dated 29 May 2015 and to authorise the Board of Directors of GSD Holding A.Ş. to make share buy-back within the framework of this program. The Board of Directors of GSD Holding A.Ş. resolved to transfer the authority granted to it by the General Assembly to Akgün Türer, the Vice-Chairman and General Manager of the Company, on 25 June 2015 pursuant to the Article 5/1 of the Communiqué on Bought Back Shares (II-22.1) of the Capital Markets Board of Turkey.

The aim of the share buy-backs to be made within the framework of the Share Buy-Back Program of GSD Holding A.Ş. is to support the stock exchange price of the shares of GSD Holding A.Ş. trading in Borsa İstanbul (BIST) below its book value and to make use of the liquidity of the Company to this aim, the maximum duration of implementation being three years. The maximum number of the shares to be bought back within the framework of the Share Buy-Back Program is up to the 10 % of the share capital of the Company including prior share repurchases pursuant to the Article 9 of the Communiqué on Bought Back Shares (II-22.1) of the Capital Markets Board of Turkey, but is up to the 5.338 % of the share capital of the Company in the event that the shares of GSD Holding A.Ş. owned by GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş. with a percentage in share capital of 4.662 % are held without being sold for the duration of the program. The program is to be terminated when the amount of the share buy-backs reaches the maximum number of the shares to be bought back within the framework of the Share Buy-Back Program. The fixed upper and lower price limits for the the shares to be bought back within the framework of the Share Buy-Back Program are full TL 1.00 and full TL 2.25. In the event that the transactions requiring an adjustment to the share price are carried out, the specified lower and upper price limits are subject to adjustment within the framework of the regulations of Borsa İstanbul (BIST) and have been adjusted to be full TL 0.76 and full TL 2.01 due to the gross dividend distribution in cash of TL 0.24 per share with a nominal value of TL 1 on 29 July 2015 for the first time in this context. The principles for the disposal of the shares to be bought back within the framework of the Share Buy-Back Program are not determined. The total amount of the fund reserved for the share buy-back to be made within the framework of the Share Buy-Back Program is full TL 60,000,000 and to be provided through equity sources.

As a result of increase of 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. 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.

**GSD Holding Anonim Şirketi**  
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*(Currency - Thousands of Turkish Lira ("TL") unless otherwise stated)*

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

**Establishment of GSD Shipping B.V and Mila Maritime Limited Companies**

GSD Holding A.Ş has established a 100% subsidiary, GSD Shipping B.V., in the Netherlands on 19 October 2016 with a share capital of USD 5 million. The company's total establishment capital is paid in cash on 31 October 2016. GSD Holding A.Ş decided that the existing capital amount to be increased USD 5 million to USD 10 million on 19 December 2016.

By the Board of Directors meeting decision dated 25 October 2017, share capital of GSD Shipping B.V. has increased from USD 10 million to USD 20 million, USD 10 million is paid in cash.

By the Board of Directors meeting decision dated 7 May 2018, share capital of GSD Shipping B.V. has increased from USD 20 million to USD 30 million, USD 10 million is paid in cash and the authorised share capital of GSD Shipping B.V. which has been met by GSD Holding A.Ş. increased from USD 30 million to USD 40 million.

The establishment of company titled Mila Maritime Limited with a share capital of USD 5,000 in Malta is completed by GSD Shipping B.V for the purpose of operating in marine sector on the date of 21 November 2016. Between Mila Maritime Limited and Itachu Corporation located in Japan a contract has been signed on 28 November 2016 about constructing one dry cargo vessel be able to carry 63,000 DWT so as to commit in the midst of 2018.

The purchase of one dry cargo ship was completed and delivered on 24 May 2018 by Mila Maritime Ltd. which established in Malta and 100% capital share subsidiary of GSD Shipping B.V. which established in Netherlands and 100% capital share subsidiary of GSD Holding. Starting from 25 May 2018 Mila Maritime Ltd. rented the dry cargo ship, named Mila, in the form of time charter lease with ship rental contracts.

**Liquidated Subsidiaries**

In the General Assembly meeting decisions on 03 March 2017 of the subsidiaries of GSD Holding A.Ş., In liquidation GSD Gayrimenkul Yatırım ve Geliştirme A.Ş., which is owned 100% share with a share capital of TL 90 , In liquidation GSD Plan Proje Etüd A.Ş., which is owned 100% share with a share capital of TL 90 and In liquidation GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., which is owned 100% share with a share capital of TL 50 were decided to be liquidated. In liquidation GSD Gayrimenkul Yatırım ve Geliştirme A.Ş. was registered in the Trade Registry on 8 March 2017, In liquidation GSD Plan Proje Etüd A.Ş. and In liquidation GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş. was registered in the Trade Registry on 17 March 2017. Liquidation end declaration of the In liquidation GSD Gayrimenkul Yatırım ve Geliştirme A.Ş.. In liquidation GSD Plan Proje Etüd A.Ş. and In liquidation GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş. have been registered by İstanbul Ticaret Sicil Müdürlüğü on 17-18 October 2017, liquidation process has been completed.

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

On 6 June 2018, Zeyno fully owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. 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.