GSD Holding
Anonim Şirketi

Consolidated Financial Statements
As at and For the Year Ended
31 December 2018
Together With Independent Auditors' Report on
Consolidated Financial Statements

11 March 2019

This report contains "Independent Auditors' Report" comprising 6 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 99 pages and 4 pages of supplementary information.

GSD Holding Anonim Şirketi

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Independent Auditors' Report

To the Board of Directors of GSD Holding Anonim Şirketi

Opinion

We have audited the consolidated financial statements of GSD Holding Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, consolidated income statement, consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

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

Impairment of loans and advances to customers

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

The key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers As at 31 December 2018, loans and advances to customers comprise of 11% of the Group's total assets. The Group's banking subsidiary, GSD Yatırım Bankası A.Ş. ("the Bank"), recognizes its loans and advances to customers in accordance with IFRS 9.. As at 1 January 2018, due to the adoption of IFRS 9, in determining the impairment of loans and advances to customers, the Bank has begun to apply "expected credit loss model" rather than the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the	Our procedures for testing the impairment of loans and advances included below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the Bank's business model whose objective is to hold financial assets in order to collect contractual cash flows and we tested the appropriateness of the loan agreements with the model by selecting samples. • We evaluated the Bank's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables. • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was

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

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Impairment of tangible assets

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

The key audit matter	How our audit addressed the key audit matter
Impairment of tangible assets As at 31 December 2018, ships which are presented in the tangible assets, comprise 30% of the Group's total assets. The Group assesses if there is indication of impairment by comparing each ship's, as regarded as cash-generating unit's, fair value less costs to sell and its value in use based on discounted cash flows. The management has used estimates and assumptions for the determination of impairment. Impairment of ships was considered to be a key audit matter, due to the significance of ships in the Group's total assets and significant Management estimates and assumptions used in applying valuation methods.	Our procedures for auditing significant estimates and assumptions used in testing the impairment of ships included below: • We evaluated the valuation model prepared by the management. • We evaluated the appropriateness of valuation models and discount rate used in valuation model. with the involvement of specialists. • We evaluated income and expense expectations used in valuation models. • We tested the consistency, appropriateness and mathematical accuracy of estimates and assumptions used in the discounted cash flow calculations used by management to determine recoverable amount. • We evaluated the assumptions used in determining the useful lives of the ships and the market knowledge for the determination of salvage value at the end of the useful life.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Orhan Akova
Partner

11 March 2019
Istanbul, Turkey

GSD Holding Anonim Şirketi

Consolidated Statement of Financial Position
As at 31 December 2018

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

	Notes	31 December 2018	31 December 2017
Assets			
Cash and balances with the Central Bank	*5*	5,441	5,471
Deposits with other banks and financial institutions	*5*	236,459	111,848
Receivables from money market	*5*	5,003	-
Reserve deposits at the Central Bank	*5*	2,594	9,872
Financial assets at fair value through profit/loss	*6*	721,845	-
Available-for-sale investment securities	*6*	-	499,976
Unquoted equity instruments	*7*	377	377
Loans and advances to customers, net	*8*	210,352	193,667
Factoring receivables, net	*10*	105,760	345,586
Finance lease receivables, net	*9*	26	21
Trade receivables, net	*15*	6,310	3,133
Other receivables, net	*16*	12,811	2,690
Inventories	*17*	3,764	970
Prepaid expenses	*18*	1,829	1,240
Assets held for sale from continuing operations	*11*	76	53,626
Tangible assets	*13*	586,324	370,206
Intangible assets	*14*	407	261
Prepaid income tax	*27*	2,990	20
Deferred tax assets	*27*	2,318	2,240
Other assets	*19*	1,778	1,393
Total assets		**1,906,464**	**1,602,597**
Liabilities			
Funds borrowed	*21*	430,590	515,620
Other money market deposits	*20*	18,513	60,754
Borrowers' funds	*20*	77,133	45,292
Factoring payables	*10*	1,430	1,812
Liabilities arising from finance leases	*9*	57	94
Derivative liabilities held for trading	*28*	-	1,569
Trade payables	*23*	241	795
Other payables	*16*	14,832	3,786
Current tax liability	*27*	4,342	1,797
Deferred income	*24*	3,088	892
Provisions	*25*	7,030	4,944
Deferred tax liabilities	*27*	22,035	13,750
Other liabilities	*26*	20	10
Total liabilities		**579,311**	**651,115**
Equity	***30***		
Share capital		535,986	535,986
Treasury shares		(91,018)	(91,018)
Share premium		4,945	4,945
Changes in non-controlling interests without loss of control		(382)	(765)
Remeasurements of the net defined benefit liability (asset)		(60)	(66)
Fair value reserve		-	22,361
Translation reserve		167,178	69,468
Retained earnings		390,334	333,029
Net profit for the period		293,188	56,776
Equity attributable to equity holders of the parent		**1,300,171**	**930,716**
Non-controlling interests		**26,982**	**20,766**
Total equity		**1,327,153**	**951,482**
Total liabilities and equity		**1,906,464**	**1,602,597**

The accompanying policies and explanatory notes on pages 6 through 99 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Income Statement
For the Year Ended 31 December 2018

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

CONTINUING OPERATIONS	*Notes*	01.01.2018 31.12.2018	01.01.2017 31.12.2017
Holding activities income	*34*	-	-
Holding activities expense (-)	*34*	-	-
Gross profit/(loss) from holding activities		**-**	**-**
Marine sector income	*34*	104,258	59,424
Marine sector expense (-)	*34*	(74,995)	(51,973)
Gross profit/(loss) from marine sector operations		**29,263**	**7,451**
Gross profit/(loss) from commercial sector operations		**29,263**	**7,451**
Interest income	*34*	117,687	96,054
Service income	*34*	18,215	9,580
Revenue from financial sector operations		**135,902**	**105,634**
Interest expense (-)	*34*	(37,247)	(35,427)
Service expense (-)	*34*	(1,421)	(934)
Cost of financial sector operations (-)		**(38,668)**	**(36,361)**
Provision income/(expense) arising from financial sector operations, net	***34***	**(3,075)**	**1,194**
Foreign exchange gain/(loss), net		**10,411**	**(780)**
Trading income, net		**293**	**-**
Other financial sector operations income/(expense), net	***34***	**1,385**	**436**
Gross profit/(loss) from financial sector operations		**106,248**	**70,123**
GROSS PROFIT/(LOSS)		**135,511**	**77,574**
Administrative expenses (-)	*35*	(42,203)	(31,732)
Other income from operating activities	*36*	55,362	17,928
Other expense from operating activities (-)	*36*	(26,323)	(10,487)
OPERATING PROFIT/(LOSS)		**122,347**	**53,283**
Income from investment activities	*37*	268,656	33,159
Expense from investment activities (-)	*37*	(2)	(386)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES		**391,001**	**86,056**
Financing income		-	-
Financing expenses (-)	*38*	(40,609)	(19,529)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**350,392**	**66,527**
Tax income/(expense) from continuing operations		**(50,217)**	**(11,487)**
Current tax income/(expense)	*27*	(32,867)	(9,781)
Deferred tax income/(expense)	*27*	(17,350)	(1,706)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**300,175**	**55,040**
Discontinued operations	***11***		
Profit/(loss) before tax from discontinued operations	***11***	**-**	**-**
Tax income/(expense) from discontinued operations	***11***	**-**	**-**
Current tax income/(expense)	*11*	-	-
Deferred tax income/(expense)	*11*	-	-
Gain or loss relating to the discontinuance, net	***11***	**-**	**-**
Gain or loss relating to the discontinuance	*11*	-	-
Cost to sell the discontinued operations	*11*	-	-
Tax expense relating to the discontinuance	*11*	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	***11***	**-**	**-**
NET PROFIT/(LOSS)		**300,175**	**55,040**
Net profit/(loss) (continuing and discontinued operations) attributable to:			
Non-controlling interest	*30*	6,987	(1,736)
Equity holders of the company	*39*	293,188	56,776
Net profit/(loss) (continuing operations) attributable to:			
Non-controlling interest	*30*	6,987	(1,736)
Equity holders of the company	*39*	293,188	56,776
Net profit/(loss) (discontinued operations) attributable to:			
Non-controlling interest		-	-
Equity holders of the company	*39*	-	-
Earnings per share (in full TL per share with a nominal value of full TL 1)			
Earnings per share from continuing operations	*39*	0.814	0.156
Earnings per share from discontinued operations	*39*	0.000	0.000

The accompanying policies and explanatory notes on pages 6 through 99 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2018

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

	Notes	01.01.2018 31.12.2018	01.01.2017 31.12.2017
NET PERIOD PROFIT / (LOSS)		**300,175**	**55,040**
OTHER COMPREHENSIVE INCOME	*31*		
Other comprehensive income which will be not reclassified in profit or loss		**(62)**	**(77)**
Remeasurements of the net defined benefit liability (asset)		(62)	(77)
Other comprehensive income which will be reclassified in profit or loss		**97,481**	**26,063**
Change in currency translation differences		97,481	13,471
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets		-	12,592
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**97,419**	**25,986**
TOTAL COMPREHENSIVE INCOME		**397,594**	**81,026**
Total comprehensive income attributable to:			
Non-controlling interest		7,555	265
Equity holders of the company		390,039	80,761

The accompanying policies and explanatory notes on pages 6 through 99 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2018

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

							Other accumulated comprehensive income and expense which will be not reclassified in profit or loss		Other accumulated comprehensive income and expense which will be reclassified in profit or loss					
	Notes	**Share capital**	**Inflation adjustment to share capital**	**Treasury shares**	**Share premium**	**Changes in non-controlling interest reserve**	**Revaluation and remeasurement gain/loss**	**Translation reserve**	**Remeasurement and reclassification gain/loss**	**Other gain/loss**	**Retained earnings**	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
At 1 January 2017	*30*	**450,000**	**85,986**	**(90,420)**	**4,945**	**-**	**(375)**	**54,988**	**9,769**	**-**	**333,404**	**848,297**	**25,357**	**873,654**
Transfers		**-**	**-**	**2,601**	**-**	**-**	**375**	**-**	**-**	**-**	**(375)**	**2,601**	**-**	**2,601**
Transfer to retained earnings		-	-	2,601	-	-	375	-	-	-	(375)	2,601	-	2,601
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(66)**	**11,459**	**12,592**	**-**	**56,776**	**80,761**	**265**	**81,026**
Net profit		-	-	-	-	-	-	-	-	-	56,776	56,776	(1,736)	55,040
Other comprehensive income		-	-	-	-	-	(66)	11,459	12,592	-	-	23,985	2,001	25,986
Transactions with owners in their capacity as owners recognized in equity		**-**	**-**	**(3,199)**	**-**	**(765)**	**-**	**3,021**	**-**	**-**	**-**	**(943)**	**(4,856)**	**(5,799)**
Share Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		-	-	(3,199)	-	-	-	-	-	-	-	(3,199)	-	(3,199)
Increase/decrease arising from changes without resulting loss of control in shareholding ratios of subsidiaries		**-**	**-**	**-**	**-**	**(765)**	**-**	**3,021**	**-**	**-**	**-**	**2,256**	**(4,856)**	**(2,600)**
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	(765)	-	3,021	-	-	-	2,256	(4,856)	(2,600)
At 31 December 2017		**450,000**	**85,986**	**(91,018)**	**4,945**	**(765)**	**(66)**	**69,468**	**22,361**	**-**	**389,805**	**930,716**	**20,766**	**951,482**
At 1 January 2018	*30*	**450,000**	**85,986**	**(91,018)**	**4,945**	**(765)**	**(66)**	**69,468**	**22,361**	**-**	**389,805**	**930,716**	**20,766**	**951,482**
Adjustments related with changes in accounting policies		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,361)**	**-**	24,044	**1,683**	**-**	**1,683**
Transfers		**-**	**-**	**-**	**-**	**765**	**66**	**-**	**-**	**-**	**(23,515)**	**(22,684)**	**-**	**(22,684)**
Transfer to retained earnings		-	-	-	-	765	66	-	-	-	(23,515)	(22,684)	-	(22,684)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(60)**	**96,911**	**-**	**-**	**293,188**	**390,039**	**7,555**	**397,594**
Net profit		-	-	-	-	-	-	-	-	-	293,188	293,188	6,987	300,175
Other comprehensive income		-	-	-	-	-	(60)	96,911	-	-	-	96,851	568	97,419
Transactions with owners in their capacity as owners recognized in equity		**-**	**-**	**-**	**-**	**(382)**	**-**	**799**	**-**	**-**	**-**	**417**	**(1,339)**	**(922)**
Share Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital increase by bonus issue		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from treasury share transactions		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease arising from changes without resulting loss of control in shareholding ratios of subsidiaries		**-**	**-**	**-**	**-**	**(382)**	**-**	**799**	**-**	**-**	**-**	**417**	**(1,039)**	**(622)**
Change in shareholding percentage arising from merger of subsidiaries		-	-	-	-	(382)	-	799	-	-	-	417	(1,039)	(622)
Transactions with non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300)**	**(300)**
Dividend paid to non-controlling interests by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(300)	(300)
At 31 December 2018		**450,000**	**85,986**	**(91,018)**	**4,945**	**(382)**	**(60)**	**167,178**	**-**	**-**	**683,522**	**1,300,171**	**26,982**	**1,327,153**

The accompanying policies and explanatory notes on pages 6 through 99 form an integral part of these consolidated financial statements.

GSD Holding Anonim Şirketi
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2018

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

	Notes	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Cash flows from operating activities of continuing operations			
Marine sector income		104,258	59,424
Marine sector expenses		(46,411)	(34,004)
Interest received from financial sector activities		120,952	93,702
Interest paid for financial sector activities		(38,740)	(35,626)
Service income from financial sector activities		18,215	9,580
Cost of service for financial sector activities		(1,421)	(934)
Cash receipts from derivative contracts held for dealing or trading purposes		31,571	16,566
Cash payments for derivative contracts held for dealing or trading purposes		(11,871)	(16,046)
Cash payments to employees and other parties		(41,255)	(30,169)
Cash received from other operating activities		1,934	819
Cash paid for other operating activities		(249)	(198)
Interest received from operating activities apart from financial sector activities		(15,788)	2,907
Income taxes paid	27	(32,437)	(9,250)
Net cash provided by operating activities before changes in operating assets and liabilities from continuing operations		**88,758**	**56,772**
Net cash provided by operating activities before changes in operating assets and liabilities from discontinued operations		**-**	**-**
Changes in operating assets and liabilities of continuing operations			
Change in reserve deposits at Central Bank		7,272	2,758
Change in loans and advances to customers		(18,440)	(21,488)
Change in factoring receivables		235,544	(63,983)
Change in finance lease receivables		(685)	(125)
Change in other assets		(9,089)	177
Change in payables due to money market transactions		(42,241)	40,743
Change in borrowers' funds		31,748	2,895
Change in factoring payables		(382)	829
Change in liabilities arising from finance leases		(37)	(185)
Change in other liabilities		(133,529)	(8,098)
Net cash (used in) / provided by operating activities from continuing operations		**158,919**	**10,294**
Net cash (used in) / provided by operating activities from discontinued operations		**-**	**-**
Cash flows from investing activities of continuing operations			
Proceeds from sale and redemption of financial assets at fair value through profit or loss/available for sale securities	6	75,637	26,522
Proceeds from sale of intangible assets	6	2	-
Purchases of financial assets at fair value through profit or loss	6	(119,974)	-
Proceeds from sale and redemption of financial assets at amortised cost	6	10,955	-
Purchases of financial assets at amortised cost	6	(13,317)	-
Proceeds from sale of property held for sale	11	79,216	5,685
Proceeds from sale of property and equipment	13	22	11
Purchases of property and equipment	13	(37,538)	(12,180)
Purchases of intangible assets	14	(241)	(70)
Interest received from investing activities	37	-	802
Other cash receipts from/cash payments for investing activities	37	56,863	324
Net cash (used in) / provided by investing activities from continuing operations		**51,625**	**21,094**
Net cash (used in) / provided by investing activities from discontiued operations	**20**		**-**
Cash flows from financing activities of continuing operations			
Cash paid for purchases of treasury shares	30	-	(598)
Cash paid for change in non-controlling interest reserve	30	(622)	(2,601)
Cash received from funds borrowed		124,351	317,438
Repayments of funds borrowed		(207,597)	(288,315)
Dividends paid to non-controlling interests by subsidiaries	30	(300)	-
Interest paid for financing activities apart from financial sector activities		(19,939)	(17,898)
Other cash receipts from/cash payments for financing activities		(176)	(109)
Net cash (used in) / provided by financing activities from continuing operations		**(104,283)**	**7,917**
Net cash (used in) / provided by financing activities from discontinued operations		**-**	**-**
Continuing Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**23,580**	**(11,201)**
Net (decrease) / increase in cash and cash equivalents		**129,841**	**28,104**
Cash and cash equivalents at 1 January		**115,382**	**87,278**
Cash and cash equivalents at 31 December	**5**	**245,223**	**115,382**
Discontinued Operations			
Effect of net foreign exchange difference on cash and cash equivalents		**-**	**-**
Effect of consolidation eliminations between continuing and discontinued operations on cash flows		**-**	**-**
Net (decrease) / increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at 1 January		**-**	**-**
Cash and cash equivalents at 31 December	**5**		**-**

The accompanying policies and explanatory notes on pages 6 through 99 form an integral part of these consolidated financial statements.

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

1. REPORTING ENTITY

General

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

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

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

The consolidated financial statements of the Company were approved by the Board of Directors on 11 March 2019. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

As at 31 December 2018, average number of employees is 104 (31 December 2017: 107).

As at 31 December 2018, the shares of a consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ. are quoted on the Borsa Istanbul (Istanbul Stock Exchange) with public ownership of 15.50% (As at 31 December 2017, the shares of consolidated subsidiary, namely GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ. are quoted on the Borsa Istanbul (Stock Exchange) with public ownership of 16.65%.)

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

			31 December 2018			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
M. Turgut Yılmaz	707	441	707	114,748,150	114,750,005	25.500
GSD Holding A.Ş.	-	-	-	90,000,000	90,000,000	20.000
MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

			31 December 2017			
(Full TL)	**Class (A)**	**Class (B)**	**Class (C)**	**Class (D)**	**Total**	**Share (%)**
Publicly owned	-	-	-	224,375,129	224,375,129	49.861
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MTY Delta Denizcilik İç ve Dış Ticaret A.Ş.	-	-	-	20,250,000	20,250,000	4.500
Adeo Turizm Otelcilik Ticaret Limited Şirketi	-	-	-	624,600	624,600	0.139
Other privileged shareholders	-	266	-	-	266	0.000
Share capital	**707**	**707**	**707**	**449,997,879**	**450,000,000**	**100.000**
Inflation adjustment on share capital					85,985,890	
Inflation adjusted share capital					**535,985,890**	

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

1. REPORTING ENTITY (continued)

General (continued)

Nature of Activities of the Company and the Consolidated Group Companies

For the purposes of the consolidated financial statements. the Company and its consolidated subsidiaries are referred to as "the Group". The subsidiaries included in consolidation and the effective ownership percentages of the Group as at 31 December 2018 and 31 December 2017 are as follows:

Subsidiaries(*) (***)	Country of Incorporation	BIST Code	Principal Activities	Effective Shareholding(%) 31 December 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. ("GSD Marin")	Turkey	GSDDE	Maritime	83.41	82.40
GSD Faktoring A.Ş.	Turkey	-	Factoring	89.66	89.64
Dodo Maritime Ltd. (*****)	Malta	-	Maritime	100.00	82.40
Cano Maritime Ltd. (*)	Malta	-	Maritime	83.41	82.40
Hako Maritime Ltd. (*)	Malta	-	Maritime	83.41	82.40
Zeyno Maritime Ltd. (****)	Malta	-	Maritime	100.00	82.40
Neco Maritime Ltd. (*****)	Malta	-	Maritime	100.00	82.40
GSD Shipping B.V. (**) (***)	Netherlands	-	Maritime	100.00	100.00
Mila Maritime Ltd. (***)	Malta	-	Maritime	100.00	100.00

(*) The financial statements of Cano Maritime Ltd. and Hako Maritime Ltd have been consolidated to GSD Marin.

(**) GSD Shipping B.V. was established in the 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..

(***) 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..

(****) The financial statements of Zeyno Maritime Ltd. have been consolidated to GSD Marin until 6 June 2018, from this date the financial statements of Zeyno Maritime Ltd. have been consolidated to GSD Shipping B.V..

(*****) The financial statements of Neco Maritime Ltd. and of Dodo Maritime Ltd. have been consolidated to GSD Marin until 6 December 2018, from this date the financial statements of Neco Maritime Ltd. and Dodo Maritime Ltd. have been consolidated to GSD Shipping B.V..

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

1. REPORTING ENTITY (continued)

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

Unconsolidated Subsidiaries

The subsidiaries which are not included in consolidation and the ownership percentages of the Group in those subsidiaries as at 31 December 2018 and 31 December 2017 are as follows:

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

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

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

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

2.2 Basis of Measurement

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

2. BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Functional and Presentation Currency

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

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

Functional currencies of foreign subsidiaries

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

2.4 Use of Estimates and Judgements

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

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

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

Note 8 – Loans and advances to customers
Note 13 & 14 – Measurement of tangible and intangible assets
Note 21 – Funds borrowed
Note 25 – Provisions
Note 26 – Other liabilities
Note 27 – Taxation
Note 32 – Commitments and contingencies
Note 40 – Financial risk management

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The Company's consolidated financial statements as at 31 December 2018 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

(i) Subsidiaries

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

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

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

(ii) Transactions eliminated on consolidation

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

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

3.1 IFRS 9 Financial Instruments

Accounting policies applied after 1 January 2018

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

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

Classification of financial assets and liabilities

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Accounting policies applied after 1 January 2018 (continued)

Classification of financial assets and liabilities (continued)

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

The 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
ASSETS				
Financial Assets	**499,976**	**-**	**1,158**	**501,134**
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)
Loans	**(3,936)**	**(1,625)**	**279**	**(5,282)**
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	-	-
Deferred tax assets	**529**	**-**	**246**	**775**
Other assets	-	-	-	-
LIABILITIES	-	-	-	-
Derivative financial liabilities	-	**1,569**	-	**1,569**
Liabilities	1,569	(1,569)	-	-
Provisions	**1,625**	**(1,625)**	-	-
Provisions	1,625	(1,625)	-	-
Other Comprehensive Income and Expenses to be Reclassified in Profit or Loss	**22,361**	**(22,361)**	**1,683**	**1,683**
Previous Years Profit or Loss	-	**22,361**	-	-

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Accounting policies applied after 1 January 2018 (continued)

Classification of financial assets and liabilities (continued)

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

All financial assets not classified as measured at 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.

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

The effect of adopting IFRS 9 on the carrying amounts of financial assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 9 Financial Instruments (continued)

Accounting policies applied after 1 January 2018 (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.

3.2 Accounting in Hyperinflationary Economies

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

3.3 Foreign Currency Translation

(i) Foreign currency transactions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign Currency Translation (continued)

(i) Foreign currency transactions (continued)

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

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

Date	TL/EURO (full)	TL/US DOLLAR (full)
31 December 2018	6.0280	5.2609
31 December 2017	4.5155	3.7719
31 December 2016	3.7099	3.5192
31 December 2015	3.1776	2.9076

(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.

3.4 Tangible Assets

(i) Recognition and measurement

The cost of the tangible assets purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29. Tangible assets purchased after this date are recorded at their historical costs. Accordingly, tangible assets are carried at cost, less accumulated depreciation and impairment losses, except for buildings. Buildings are recorded at the fair value and the amounts over carrying value of the buildings are recorded as property revaluation reserve under equity.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible Assets (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets, excluding development costs, created within the business, are not capitalized and expenditure is charged against profits in the year in which it is incurred. The cost of the intangible assets purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29.

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

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

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

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

3.6 Assets Held for Sale

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

3.7 Impairment of Non-Financial Assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of Non-Financial Assets (continued)

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

3.8 Leases

i) Finance leases (the Group as lessor)

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

ii) Finance leases (the Group as lessee)

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

iii) Operating leases (the Group as lessee)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated income statement on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental expense over the lease term on a straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. The hiring of the dry bulk carrier ships of the Group companies under time charter agreements are accounted for as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Income Taxes

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

i) Current tax

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

ii) Deferred tax

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

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

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

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

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

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

3.10 Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. Most of these derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39 "Financial Instruments: Recognition and Measurement", they are treated as derivatives held for trading. Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and subsequently re-measured at fair value. Any gains or losses arising from changes in fair value on derivatives are recognized in the consolidated income statement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Custody Assets

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

3.12 Factoring Receivables

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

3.13 Interest-bearing Deposits and Funds Borrowed

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

3.14 Borrowing Costs

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

3.15 Treasury Shares

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Employee Benefits

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

i) Defined benefit plans

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

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

The principal actuarial assumptions used at 31 December 2018 and 31 December 2017 are as follows;

	2018	2017
	%	%
Discount rate	18.88	12.76
Expected rate of salary/limit increase	9.50	6.00

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

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

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. The ceiling amount at 1 January 2018 is full TL 5,002 (31 December 2017: full TL 4,732). The liability is not funded, as there is no funding requirement.

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

i) Defined benefit plans (continued)

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

ii) Defined contribution plans

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Provisions, Contingent Liabilities and Assets

i) Provisions

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

ii) Contingent liabilities and assets

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

3.18 Income and Expense Recognition

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

Fee and commission income arising on financial services provided, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services is recognized when the corresponding service is provided. Certain commissions, such as those deriving from letters of guarantee and other banking services are also usually recognized as income when received.

Trading income, net includes gains and losses arising from disposals of trading assets and financial assets available-for-sale and changes in the fair value of trading securities.

Financial leases consist of leases of vehicles and various equipments, including industrial machinery and office equipment. The excess of aggregate lease rentals plus the residual value over the cost of the leased asset constitutes the unearned lease income to be taken into income over the term of the lease and produce a constant periodic rate of return on the net cash investment remaining in each lease. The Group restructures the payment terms on some of the lease contracts cancelled due to customers' inability to repay on a timely basis. Interest income from revision of lease contracts reflects the additional fees and charges arising from delayed payments of the customers.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income and Expense Recognition (continued)

Sales revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

3.19 Earnings per Share

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

3.20 Events after the reporting period

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

3.21 Related Parties

A party is related to an entity if:

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

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

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

3.22 Segment Reporting

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

3.23 Offsetting a financial asset and a financial liability

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted

The Group applied all of the relevant and required standards promulgated by the IASB and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as of 31 December 2018.

Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

IFRS 16 Leases

On 13 January 2016, 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 17 June 2017, 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.

IFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards and interpretations issued but not yet effective (continued)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39.

The Group does not expect that application of these amendments to IFRS 4 will have significant impact on its consolidated financial statements.

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.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs 2015-2017 Cycle *(continued)*

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 28- Long-term Interests in Associates and Joint Ventures

On 12 October 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 does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

Amendments to IFRS 9 - Prepayment Features With Negative Compensation

On 12 October 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 beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 New standards and interpretations not yet adopted (continued)

Standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs 2015-2017 Cycle *(continued)*

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group does not expect that application of these amendments to IAS 1 and IAS 8 will have significant impact on its consolidated financial statements.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group does not expect that application of these amendments to IFRS 3 will have significant impact on its consolidated financial statements.

3.25 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 reclassed 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 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 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for periods beginning on or after 1 January 2018 and the application of IFRS 15 has not had significant impact on the consolidated financial statements and performance of the Group.

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

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

IFRS 9 Financial Instruments

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

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

Classification of financial assets and liabilities

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

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

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

The 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
ASSETS				
Financial Assets	**499,976**	-	**1,158**	**501,134**
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)
Loans	**(3,936)**	**(1,625)**	**279**	**(5,282)**
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)
Default (Stage 3/Specific Provisions)	-	(3,936)	43	(3,893)
Specific Provisions (-)	(3,936)	3,936	-	-
Deferred tax assets	**529**	-	**246**	**775**
Other assets	-	-	-	-
LIABILITIES	-	-	-	-
Derivative financial liabilities	-	**1,569**	-	**1,569**
Liabilities	1,569	(1,569)	-	-
Provisions	**1,625**	**(1,625)**	-	-
Provisions	1,625	(1,625)	-	-
Other Comprehensive Income and Expenses to be Reclassified in Profit or Loss	**22,361**	**(22,361)**	**1,683**	**1,683**
Previous Years Profit or Loss	-	**22,361**	-	-

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.

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

Classification of financial assets and liabilities (continued)

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

3 It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
4 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:

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

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

All financial assets not classified as measured at 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.

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

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment and reclassification requirements, as described further below.

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

Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

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

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

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.

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

Accounting policies applied before 1 January 2018 (continued)

Recognition and Derecognition of Financial Instruments (continued)

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.

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.

3.25 Changes in Accounting Policies, Estimates and Errors (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 31 December 2018 and notes to those financial statements.

3.26 Comparative information and restatement of prior periods' financial statements

The Company's consolidated financial statements as at 31 December 2018 are prepared comparatively with the prior period financial statements, in order to maintain consistency for the year ended as at 31 December 2017.

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

4. SEGMENT INFORMATION

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

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

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

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2018-31.12.2018)

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

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

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

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

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

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

4. SEGMENT INFORMATION (continued)

Consolidated Income Statement (01.01.2017-31.12.2017)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (***)**	**Inter-country eliminations**	**Group**
CONTINUING OPERATIONS										
Revenue	-	59,424	-	556	(556)	59,424	2,007	59,424	(2,007)	59,424
Cost of sales (-)	-	(51,973)	-	(539)	539	(51,973)	(1,079)	(51,973)	1,079	(51,973)
Gross profit/(loss) from financial activities	**-**	**7,451**	**-**	**17**	**(17)**	**7,451**	**928**	**7,451**	**(928)**	**7,451**
Revenue from finance activities	**86,723**	**12**	**70,187**	**-**	**(17,302)**	**139,620**	**156,922**	**-**	**(17,302)**	**139,620**
Fee, commission and other service income	9,248	-	337	-	(5)	9,580	9,585	-	(5)	9,580
Foreign exchange inceome	14,576	3	14,671	-	(14,660)	14,590	29,250	-	(14,660)	14,590
Interest income	44,361	7	53,944	-	(2,258)	96,054	98,312	-	(2,258)	96,054
Income from derivative financial instruments	16,063	-	-	-	-	16,063	16,063	-	-	16,063
Other financial sector operations income, net	2,475	2	1,235	-	(379)	3,333	3,712	-	(379)	3,333
Cost of finance activities (-)	**(45,878)**	**(274)**	**(48,903)**	-	**25,558**	**(69,497)**	**(95,055)**	-	**25,558**	**(69,497)**
Fee, commission and other service expense	(489)	-	(450)	-	5	(934)	(939)	-	5	(934)
Foreign exchange expense	(20,464)	-	(14,664)	-	21,178	(13,950)	(35,128)	-	21,178	(13,950)
Interest expense	(6,736)	-	(33,066)	-	4,375	(35,427)	(39,802)	-	4,375	(35,427)
Loss from derivative financial instruments	(17,483)	-	-	-	-	(17,483)	(17,483)	-	-	(17,483)
Other financial sector operations expense net	(706)	(274)	(723)	-	-	(1,703)	(1,703)	-	-	(1,703)
Gross profit/(loss) from financial sector operations	**40,845**	**(262)**	**21,284**	**-**	**8,256**	**70,123**	**61,867**	**-**	**8,256**	**70,123**
GROSS PROFIT/(LOSS)	**40,845**	**7,189**	**21,284**	**17**	**8,239**	**77,574**	**62,795**	**7,451**	**7,328**	**77,574**
General administrative expenses (-)	(9,348)	(4,555)	(9,017)	(9,208)	396	(31,732)	(31,928)	(1,651)	1,847	(31,732)
Other income from operating activities	84	2,419	73	39,561	(24,209)	17,928	41,645	492	(24,209)	17,928
Other expense from operating activities (-)	-	(837)	-	(23,244)	13,594	(10,487)	(24,081)	-	13,594	(10,487)
OPERATING PROFIT/(LOSS)	**31,581**	**4,216**	**12,340**	**7,126**	**(1,980)**	**53,283**	**48,431**	**6,292**	**(1,440)**	**53,283**
Income from investment activities	30	-	-	33,129	-	33,159	37,180	-	(4,021)	33,159
Expense from investment activities (-)	-	-	-	(386)	-	(386)	(386)	-	-	(386)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**31,611**	**4,216**	**12,340**	**39,869**	**(1,980)**	**86,056**	**85,225**	**6,292**	**(5,461)**	**86,056**
Financing income	-	-	-	-	-	-	-	-	-	-
Financing expenses (-)	(24)	(21,372)	(35)	(78)	1,980	(19,529)	(11,420)	(14,110)	6,001	(19,529)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**31,587**	**(17,156)**	**12,305**	**39,791**	**-**	**66,527**	**73,805**	**(7,818)**	**540**	**66,527**
Tax income/(expense) from continuing operations	**(6,310)**	**1,708**	**(2,669)**	**(4,216)**	**-**	**(11,487)**	**(11,308)**	**(179)**	**-**	**(11,487)**
Current tax income/(expense)	(6,467)	1,061	(2,692)	(1,683)	-	(9,781)	(9,602)	(179)	-	(9,781)
Deferred tax income/(expense)	157	647	23	(2,533)	-	(1,706)	(1,706)	-	-	(1,706)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**25,277**	**(15,448)**	**9,636**	**35,575**	**-**	**55,040**	**62,497**	**(7,997)**	**540**	**55,040**

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

4. SEGMENT INFORMATION (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued) (01.01.2017-31.12.2017)										
Country of Operation	**Turkey**	**Turkey&Malta&Netherlands International**	**Turkey**	**Turkey**			**Segment Information Combined by Countries**			
	Banking	**Marine (*) (**)**	**Factoring**	**Holding**	**Inter-segment eliminations**	**Group**	**Turkey**	**Malta Netherlands International (***)**	**Inter-country eliminations**	**Group**
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-	-	-	-	-
NET PROFIT/(LOSS)	**25,277**	**(15,448)**	**9,636**	**35,575**	**-**	**55,040**	**62,497**	**(7,997)**	**540**	**55,040**
Net profit/(loss) (continuing and discontinuing operations) attributable to:										
Non-controlling interest	**-**	**(2,734)**	**998**	**-**	**-**	**(1,736)**	**(1,736)**	**-**	**-**	**(1,736)**
Equity holders of the company	**25,277**	**(12,714)**	**8,638**	**35,575**	**-**	**56,776**	**64,233**	**(7,997)**	**540**	**56,776**
OTHER COMPREHENSIVE INCOME										
Which will be not classified in profit or loss	**30**	**(25)**	**(47)**	**(35)**	**-**	**(77)**	**(77)**	**-**	**-**	**(77)**
Defined benefit plans re-measurement gains / losses	30	(25)	(47)	(35)	-	(77)	(77)	-	-	(77)
Which will be classified in profit or loss	**-**	**13,471**	**-**	**12,592**	**-**	**26,063**	**24,018**	**2,045**	**-**	**26,063**
Change in currency translation differences	-	13,471	-	-	-	13,471	11,426	2,045	-	13,471
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	-	-	12,592	-	12,592	12,592	-	-	12,592
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**30**	**13,446**	**(47)**	**12,557**	**-**	**25,986**	**23,941**	**2,045**	**-**	**25,986**
TOTAL COMPREHENSIVE INCOME	**25,307**	**(2,002)**	**9,589**	**48,132**	**-**	**81,026**	**86,438**	**(5,952)**	**540**	**81,026**
Total comprehensive income attributable to:										
Non-controlling interest	**-**	**(727)**	**992**	**-**	**-**	**265**	**265**	**-**	**-**	**265**
Equity holders of the company	**25,307**	**(1,275)**	**8,597**	**48,132**	**-**	**80,761**	**86,173**	**(5,952)**	**540**	**80,761**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (31 December 2017)										
TOTAL ASSETS	**296,422**	**456,253**	**346,509**	**617,542**	**(114,129)**	**1,602,597**	**1,342,210**	**442,734**	**(182,347)**	**1,602,597**
TOTAL LIABILITIES	**159,110**	**289,565**	**301,192**	**15,377**	**(114,129)**	**651,115**	**466,169**	**367,293**	**(182,347)**	**651,115**
Other segment information (continued and discontinued operations)										
(Advances given)/Transfer of advances given for capital expenditures	-	20,983	-	-	(20,983)	-	-	20,983	(20,983)	-
Capital expenditures	64	2,162	25	955	9,044	12,250	3,206	-	9,044	12,250
Depreciation expense	(44)	(18,000)	(39)	(697)	-	(18,780)	(921)	(17,859)	-	(18,780)
Amortization expense	(34)	-	(3)	(29)	-	(66)	(66)	-	-	(66)
Impairment (losses)/reversal income recognized in income statement	1,342	(272)	124	-	-	1,194	1,194	-	-	1,194

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

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

	31 December 2018	31 December 2017
Cash on hand	2	2
Balances with the Central Bank	5,439	5,469
Cash and balances with the Central Bank	5,441	5,471
Deposits with other banks and financial institutions	236,459	111,848
Receivables from money market transactions	5,003	-
Reserve deposits at the central bank	2,594	9,872
Cash and cash equivalents in the statement of financial position	**249,497**	**127,191**

Cash and cash equivalents in the statement of cash flows:

31 December 2018	31 December 2018	31 December 2017
Cash on hand and Balances with the Central Bank	5,441	5,471
Deposits with other banks and financial institutions	236,459	111,848
Receivables from money market transactions	5,003	-
Reserve deposits at the central bank	2,594	9,872
Cash and cash equivalents in the statement of financial position	**249,497**	**127,191**
Less: Reserve deposits at the central bank	(2,594)	(9,872)
Less: Income accruals	(364)	(50)
Less: Blocked amount	(1,316)	(1,887)
Cash and cash equivalents in the statement of cash flows	**245,223**	**115,382**

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

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

5. CASH AND CASH EQUIVALENTS (continued)

As at 31 December 2018 and 31 December 2017, the amounts and interest range of deposits and placements are as follows:

	31 December 2018				31 December 2017			
	Amount		Effective Interest rate (%)		Amount		Effective Interest rate (%)	
	TL	FC	TL	FC	TL	FC	TL	FC
Cash on hand	2	-	-	-	2	-	-	-
Balances with the Central Bank	201	5,238	-	-	740	4,729	-	-
Deposits with other banks and financial institutions	2,107	234,352	20.00-22.50	0.40-5.15	503	111,345	10,00-13,00	1,00-4,75
Receivables from interbank money market	5,003	-	24.75-24.75	-	-	-	-	-
Cash and cash equivalents	**7,313**	**239,590**			**1,245**	**116,074**		
Reserve deposits	**6**	**2,588**			**-**	**9,872**	**-**	**-**

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

Reserves required to be deposited with the Central Bank

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

The banks operating in Turkey, in accordance with the regulations of the Central Bank of Turkey regarding the reserves required to be deposited with the Central Bank by banks, are required to maintain deposits with the Central Bank in Turkish Liras (or in USD Dollars and/or EURO with a maximum of 60%, at least 50% being in USD Dollars, or standard gold with a maximum of 30% in blocked accounts to be multiplied by the factors indicated in the related Communiqué) for liabilities in Turkish Lira; and in USD Dollars and/or EURO (or standard gold with a maximum of 0% in blocked accounts) for liabilities in foreign currencies except those in precious metal deposit accounts, USD Dollars being obligatory for USD Dollar-denominated liabilities; and in USD Dollars and/or EURO (or standard gold in blocked accounts) for liabilities in foreign currencies in precious metal deposit accounts, for the period of 14 days beginning on Fridays two weeks after the relevant calculation made once every two weeks applying the ratios stated below to the domestic liabilities with the exception of certain liabilities. The banks are allowed to maintain the required reserve deposits with the Central Bank as an average for all liabilities in Turkish Lira and for the part of 3% for liabilities in foreign currencies during the two weeks period. The required reserve deposits maintained with the Central Bank as an average is classified as "Balances with the Central Bank" in the consolidated statement of financial position of the Group. The Central Bank of the Republic of Turkey started to pay interest on the required reserves held in Turkish Liras and Foreign Currency in order of November 2014 and May 2015, respectively.

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

5. CASH AND CASH EQUIVALENTS (continued)

Required reserve ratios applied to certain liabilities of banks in Turkey

	Turkish Lira (TL)		Foreign Currency	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
Liabilities subject to reserve deposits	**Required Reserve Ratios (%)**			
Demand deposits, notice deposits, private current accounts	7.00	10.50	12.00	12.00
Deposits/participation accounts up to 1 month maturity	7.00	10.50	12.00	12.00
Deposits/participation accounts up to 3 months maturity	7.00	10.50	12.00	12.00
Deposits/participation accounts up to 6 months maturity	4.00	7.50	12.00	12.00
Deposits/participation accounts up to 1 year maturity	2.00	5.50	12.00	12.00
Deposits/participation accounts with 1 year or longer maturity, cumulative deposits/participation accounts	1.00	4.00	8.00	8.00
Special fund pools	Rate corresponding to maturity	Rate corresponding to maturity	Rate corresponding to maturity	Rate corresponding to maturity
Other liabilities up to 1 year maturity	7.00	10.50	20.00	24.00
Other liabilities up to 2 years maturity	3.50	10.50	15.00	19.00
Other liabilities up to 3 years maturity	3.50	7.00	10.00	14.00
Other liabilities between 3 and 5 years maturity	1.00	4.00	6.00	6.00
Other liabilities longer than 5 years maturity	1.00	4.00	4.00	4.00

Required reserves based on the banks' leverage ratio

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

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

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

6. MARKETABLE SECURITIES

a) Financial assets at fair value through profit/loss

	31 December 2018	
	Amount	**Interest Rate (%)**
Debt instruments		
Eurobonds issued by the Republic of Turkey	-	-
Bonds	42,987	-
Other		
Common stocks (*)	678,858	-
Toplam	**721,845**	**-**

(*)Silopi Elektrik Üretim A.Ş. and Borsa İstanbul A.Ş. shares amounting to TL 499,976 and that are classified in the available-for-sale financial assets as at 31 December 2017, have started to be carried in the financial assets at fair value through profit or loss in accordance with transition to IFRS 9. The prior year financial statements and footnotes have not been restated.

			GSD Holding A.Ş's Shareholding		
31 December 2018 **Financial assets– fair value through profit/loss (*)**	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
Silopi Elektrik Üretim A.Ş.	677,341	202,050	15,00	0,00	15,00
Borsa İstanbul A.Ş.	1,517	423,234	-	0,04	0,04
Total	**678,858**				

(*)Silopi Elektrik Üretim A.Ş. and Borsa İstanbul A.Ş. shares amounting to TL 499,976 and that are classified in the available-for-sale financial assets as at 31 December 2017, have started to be carried in the financial assets at fair value through profit or loss in accordance with transition to IFRS 9. The prior year financial statements and footnotes have not been restated.

			GSD Holding A.Ş's Shareholding		
31 December 2017 **Available-for-sale investment securities**	**Carrying Value**	**Paid Capital**	**Direct (%)**	**Indirect (%)**	**Total (%)**
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
Total	**499,976**				

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

	31 December 2018	31 December 2017
1 January 2018 IFRS 9 classification	**499,976**	**-**
Opening balance	499,976	478,174
IFRS 9 adjustment (*)	1,181	-
Additions	118,793	-
Disposals (sales and redemptions)	(75,637)	(26,522)
Interest received due to redemptions	(36,879)	(1,079)
Foreign exchange difference	185,747	31,614
Gain / (loss)	28,664	17,789
Closing balance at the end of period	**721,845**	**499,976**

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

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

6. MARKETABLE SECURITIES (Continued)

b) Held to maturity securities

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

	31 December 2018	31 December 2017
Opening balance	**-**	**-**
Additions	13,317	-
Disposals (sales and redemptions)	(10,955)	
Interest received due to redemptions	134	
Foreign exchange difference	(2,613)	-
Gain / (loss)	117	-
Closing balance at the end of period	**-**	**-**

c) Marketable securities given as a guarantee

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

7. UNQUOTED EQUITY INSTRUMENTS

The unconsolidated subsidiaries and other unquoted equity instruments which are classified in the "unquoted equity instruments" caption in the consolidated financial statements as at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	31 December 2017
GSD Eğitim Vakfı	377	377
Total	**377**	**377**

8. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2018					
	Amount			Effective interest rate (%)		
	Turkish lira	Foreign currency	Foreign currency indexed	Turkish lira	Foreign currency	Foreign currency indexed
Corporate loans	206,858	3,586	-	12.48-43.25	8.50	-
Total	**206,858**	**3,586**	**-**			
Non-performing loans	3,918	-	-	-	-	-
Less: Provisions for impairment on loans and advances to customers	(4,010)	-	-	-	-	-
Total, net	**206,766**	**3,586**				

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

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

9. LOANS AND ADVANCES TO CUSTOMERS (continued)

	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
Total	**186,957**	**-**	**8,335**			
Non-performing loans	3,936	-	-	-	-	-
Less: Provisions for impairment on loans and advances to customers	(5,561)	-	-	-	-	-
Total, net	**185,332**		**8,335**			

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

Movements in the allowance for expected credit loss:

	Continuing Operations	
	31 December 2018	31 December 2017
Allowance at the beginning of the year	**5,561**	**6,903**
IFRS 9 opening adjustment (*)	**(256)**	**-**
Recoveries	(198)	(1,988)
Allowance for impairment	445	646
Allowance net of recoveries	**247**	**1,342**
Loans written off during the period	-	-
Transfer from continuing operations to discontinued operations	-	-
Classification of general provisions (**)	(1,542)	-
Allowance at the end of the period	**4,010**	**5,561**

(*) The amount is related to IFRS 9 adjustment presented in the previous year's profit / loss related to GSD Yatırım Bankası A.Ş. In accordance with the IFRS 9 transition requirements, prior period financial statements and footnotes are not restated.

(**) As at 31 December 2018 the general provisions for non-cash loans are presented in liabilities, excluding non-cash loans provisions for other assets and loans are presented in assets.

As at 31 December 2018 and 31 December 2017, all of the loans and advances to customers have fixed interest rates.

The Group does not recognize interest accrual on non-performing loans. As at 31 December 2018, the amount of unrecognised interest accrual on non-performing loans is TL 3,918 (31 December 2017: TL 3,936).

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

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

Finance lease receivables, net

	31 December 2018	31 December 2017
Invoiced lease receivables	30	24
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Doubtful finance lease receivables	3,822	3,142
Finance lease receivables, gross	**3,852**	**3,166**
Less: Unearned interest income	(4)	(3)
Less: Provision for doubtful finance lease receivables	(3,822)	(3,142)
Finance lease receivables, net	**26**	**21**

The aging of net finance lease receivables is as follows:

	31 December 2018	31 December 2017
Not later than 1 year	26	21
Later than 1 year but not later than 5 years	-	-
Finance lease receivables, net	**26**	**21**

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

	31 December 2018	31 December 2017
Provision at the beginning of year	**3,142**	**2,870**
Provision for doubtful lease receivables	684	274
Recoveries	(4)	(2)
Provision net of recoveries	**680**	**272**
Finance lease receivables written off during the period	**-**	**-**
Provision at the end of period	**3,822**	**3,142**

Liabilities arising from finance leases

	31 December 2018	31 December 2017
Advances taken due to finance leases	57	40
Payables related to leased assets	-	54
Total	**57**	**94**

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

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

10. FACTORING RECEIVABLES AND PAYABLES

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

	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	-	-	-	-	-
Total factoring receivables	**347,430**	**-**	**1,367**			
Less: Provision for doubtful factoring receivables	(3,211)	-	-	-	-	-
Factoring receivables, net	**344,219**	**-**	**1,367**			
Factoring payables	**1,762**	**-**	**50**			

Movement in the provision for doubtful factoring receivables:

	31 December 2018	31 December 2017
Provision at the beginning of year	**3,211**	**3,335**
Recoveries	(446)	(808)
Provision for doubtful factoring receivables	2,593	684
Provision net of recoveries	**2,147**	**(124)**
Factoring receivables written off during the period	-	-
Provision at the end of period	**5,358**	**3,211**

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

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

11. ASSETS HELD FOR SALE

	31 December 2018	31 December 2017
Assets held for sale from continuing operations	76	53,626
Total	**76**	**53,626**

Assets held for sale from continuing operations:

	31 December 2018	31 December 2017
Cost	76	53,626
Total	**76**	**53,626**

Valuation report may be obtained for properties held for sale if necessary. Properties held for sale are carried at the lower of their carrying amounts and their fair values less costs to sell based on valuation report. As at 31 December 2018, it has not been deemed necessary to obtain a valuation report.

Continuing Operations	31 December 2018	31 December 2017
Opening balance at 1 January	**53,626**	**59,281**
Disposals (*)	(53,550)	(5,655)
Closing balance at the end of period	**76**	**53,626**

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

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

As at 31 December 2018, the Group has no discontinued operations.

12. BORROWING COSTS

In the consolidated financial statements of the Group as at 31 December 2018, the borrowing costs totaling TL 789 incurred within the scope of the acquisition of ship are capitalised as part of the cost of the ships classified in "Ships" under "Tangible Assets" after the delivery dates of the ships and "Advances Given for the Purchase Orders of Tangible Assets" under "Prepaid Expenses" until the delivery dates of the ships in accordance with "IAS 23 Borrowing Costs".

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

13. TANGIBLE ASSETS

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

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
(**) Amount consists of advances given by GSD Shipping B.V. for the purchase of the 63,000 DWT type bulk dry cargo vessel constructed on behalf of Mila Maritime Ltd.
(***) Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies and Estimates" under the heading Tangible Assets.

Continuing Operations	Land and Buildings	Office and Vehicle Equipment	Leasehold Improvements	Ships	Dry Docking (***)	Motor Vehicles	Tangible Assets Under Construction (**)	Total
At 1 January 2017, net of accumulated depreciation and impairment	**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)**
At 31 December 2017, net of accumulated depreciation and impairment	**2**	**1,841**	**994**	**344,039**	**1,547**	**800**	**20,983**	**370,206**
At 31 December 2017								
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(*)	-	(4,207)	(736)	(72,680)	(110)	(276)	-	**(78,009)**
Net carrying amount at 31.12.2017	**2**	**1,841**	**994**	**344,039**	**1,547**	**800**	**20,983**	**370,206**

(*) Accumulated depreciation contains the foreign currency translation differences relating to the accumulated depreciation.
(**) Amount consists of advances given by GSD Shipping B.V. for the purchase of the 63,000 DWT type bulk dry cargo vessel constructed on behalf of Mila Maritime Ltd.
(***) Information on the dry docking is disclosed in the note titled "Summary of Significant Accounting Policies and Estimates" under the heading Tangible Assets.

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

13. TANGIBLE ASSETS (continued)

The Group has taken the higher value of use determined through fair value whose sales expenses are deducted as amount recoverable and discounted cash flow methods in the impairment calculation made taking each of the dry cargo ships, owned by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. its six maritime affiliates located in Malta, into account as cash generating units as basis as at 31 December 2018 in accordance with IAS 36 and has not made a provision for impairment as at 31 December 2018 since the value of use are higher than carrying amounts for each of the six ships. Discounted cash flow calculations, used to determine amount recoverable, have been started based on final budgeting of technical management company made for leasing contracts which are considered to be concluded in near future in the framework of current market conditions through examining current ship leasing agreements and realisations in previous periods for income. Cash flows which can occur in depreciation period have been tried to be anticipated using expectations and assumptions generated by the Group management on direction, level and timing of market based on recent condition of freight market and impacts related to its development and it is deducted to reporting date with a discount rate appropriate to structure of company and market. Amounts deducted from cost while determining amount subject to depreciation have been used as cash inflow in value of use calculation. Selection of periods in which fixed or variable based leasing is applied or locations of ships on the expiration of leasing period are main factors which can cause different realizations from those which have been anticipated under assumptions in calculations. On the other hand, the realization of assumptions are bounded to variable factors directing global dry cargo ship transportation market. The Group management believes that any changes reasonably occurring in any of aforementioned main assumptions shall not cause total carrying amounts of aforementioned cash generation units being higher than the total recoverable amounts.

14. INTANGIBLE ASSETS

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

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

14. INTANGIBLE ASSETS (continued)

Continuing Operations	**Patents and Licenses**
At 1 January 2017 net of accumulated amortization	**257**
Additions	70
Disposals, net	-
Amortization charge for the period	(66)
At 31 December 2017 net of accumulated amortization	**261**
At 31 December 2017	
Cost	2.414
Accumulated amortization	(2.153)
Net carrying amount	**261**

15. TRADE RECEIVABLES, NET

	31 December 2018	**31 December 2017**
Customers	7	11
Trade receivables from maritime activities	6,303	3,122
Doubtful export goods receivables	1,981	1,981
Less: Provision for doubtful trade receivables	(1,981)	(1,981)
Total, net	**6,310**	**3,133**

Movement in the provision for doubtful trade receivables:

	31 December 2018	**31 December 2017**
Provision at the beginning of year	**1,981**	**1,981**
Provision for doubtful receivables	-	-
Recoveries	-	-
Provision net of recoveries	**-**	**-**
Provision at the end of period	**1,981**	**1,981**

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

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

16. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 December 2018	31 December 2017
Transitory receivables (*)	12,583	1,291
Deposits and guarantees given (**)	33	1,141
Other	195	258
Total	**12,811**	**2,690**

(*) The credit balance counterpart of "Transitory receivables in Other Receivables" TL 12,583 is "Transfer orders in Other Payables".

(**) Derivatives collaterals amounting to TL 1,132 presented in other receivables in the prior period are presented in the deposits and guarantees given in the current period.

Collaterals given in other receivables

	31 December 2018	31 December 2017
Interest-bearing cash collateral for other derivative transactions (*)	-	1,132
Other collaterals given	33	9
Total	**33**	**1,141**

(*) Derivatives collaterals amounting to TL 1,132 presented in other receivables in the prior period are presented in the deposits and guarantees given in the current period..

Other Payables

	31 December 2018	31 December 2017
Transfer orders	12,792	1,361
Taxes and funds payable other than on income	1,577	1,579
Other	463	846
Total	**14,832**	**3,786**

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

17. INVENTORIES

	31 December 2018	31 December 2017
Ship oil	1,786	825
Ship fuel	1,978	145
Total	**3,764**	**970**

18. PREPAID EXPENSES

	31 December 2018	31 December 2017
Other prepaid expenses	1,829	1,240
Total	**1,829**	**1,240**

19. OTHER ASSETS

	31 December 2018	31 December 2017
Personnel and work advances	20	-
Deferred VAT	1,758	1,392
Other	-	1
Total	**1,778**	**1,393**

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

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

20. DEPOSITS AND BORROWERS' FUNDS

a) Other money market deposits

	31 December 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	18,513	-	24.60-24.90	-	60,754	-	13.40-14.85	-
Total	**18,513**				**60,754**			

b) Borrowers' funds

	31 December 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	1,502	87	-	-	501	2	-	-
Time	6,516	69,028	10.00-20.00	1.25-4.40	10,610	34,179	14.10-14.35	4,00-4,40
Total	**8,018**	**69,115**			**11,111**	**34,181**	**-**	-

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

21. FUNDS BORROWED

	31 December 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
Short term	**29,690**	**183**	**-**	**-**	**248.482**	**16,753**	**-**	
Fixed interest	29,690	183	15.10-24.00	7.10	248.482	16,753	15.10-16.25	2.67-5.60
Floating interest	-	-	-	-	-		-	
Medium/long Term	**-**	**400,717**			-	**250,385**	-	
Fixed interest		125,958	-	4.50-5,80	-	90,578	-	4.50-5.80
Floating interest	-	274,759	-	5.36-5.95	-	159,807	-	4.18-4.82
Total	**29,690**	**400,900**			**248.482**	**267,138**	-	

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

	31 December 2018		31 December 2017	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	125,958	33,253	4,955	18,125
Up to 2 year	-	57,398	85,623	17,482
Up to 3 year	-	70,080	-	35,946
Up to 4 year	-	24,125	-	76,278
More than 5 year	-	89,903	-	11,976
Total	**125,958**	**274,759**	**90,578**	**159,807**

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

22. ISSUED SECURITIES

There is no issued security as at 31 December 2018 and 31 December 2017.

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

23. TRADE PAYABLES

	31 December 2018	31 December 2017
Payables to marine sector suppliers	46	597
Payables to suppliers	88	121
Export trade payables	107	77
Total	**241**	**795**

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

24. DEFERRED INCOME

	31 December 2018	31 December 2017
Provisions		
Deferred income on vessel time charters	2,955	834
Deferred income on factoring commissions	124	46
Other	9	12
Total	**3,088**	**892**

25. PROVISIONS

	31 December 2018	31 December 2017
Provisions		
Employee bonus provision	2,445	2,176
Provision for employee termination benefits obligation	1,850	1,671
Provision for vacation pay liability	1,178	1,074
Provision for unindemnified non-cash loans	14	13
General provision for non-cash loans (*)	1,543	-
Other	-	10
Total	**7,030**	**4,944**

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

Employee Termination Benefits Obligation

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 5,001.76 (full) and TL 4,732.48 (full) as at 31 December 2018 and 31 December 2017, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

International Accounting Standard No 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the employee termination benefits obligation:

	31 December 2018	31 December 2017
Discount rate	18.88	12.76
Expected rates of salary/limit increases	9.50	6.00

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

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

25. PROVISIONS (continued)

Employee Termination Benefits Obligation (continued)

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

	Continuing Operations	
	31 December 2018	**31 December 2017**
At 1 January	**1,671**	**1,579**
Actuarial losses/(gains)	77	95
Interest cost on the provision	106	91
Provision reversed due to being paid	(271)	(276)
Provision reversed without being paid	-	(2)
Service cost	267	184
Closing balance at the end of period	**1,850**	**1,671**

Vacation pay liability

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

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

	Continuing Operations	
	31 December 2018	**31 December 2017**
At 1 January	**1.074**	**945**
Provision reversed during the period	(43)	-
Provision set during the period	147	129
Closing balance at the end of period	**1.178**	**1,074**

Short term provisions

	31 December 2018	**31 December 2017**
Unindemnified non-cash loans	14	13
General provision for non-cash loans (*)	1,543	-
Other	-	10
Total	**1,557**	**23**

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

Unindemnified non-cash loans

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

	Continuing Operations	
	31 December 2018	**31 December 2017**
At 1 January	**13**	**13**
Provision set/(reversed) during the period	1	-
Closing balance at the end of period	**14**	**13**

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

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

The movement in employee bonus provision is as follows:

	31 December 2018	**31 December 2017**
At 1 January	**2,176**	**1,803**
Provision set during the period	269	373
Closing balance at the end of period	**2,445**	**2,176**

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

26. OTHER LIABILITIES

	31 December 2018	31 December 2017
Other	20	10
Total	**20**	**10**

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

27. TAXATION

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

Tax losses carried forward

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

The Group's tax losses carried forward as at 31 December 2018 is TL 3,614 (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 (31 December 2014: TL 10) and directly related with the production of goods and services. Investment allowance that arose prior to 24 April 2003 was subject to 19.8% withholding tax unless they were converted to the new application at the will of companies. All investment allowances were carried forward with indexed amounts. With respect to the new legislation effective from 1 January 2006, these unused investment allowances could be used until 31 December 2008 and investment allowances ceased to apply to the new investments to be made beginning from 1 January 2006, but continued to apply to the investments started before 1 January 2006. Afterwards, a decision rendered by the Constitutional Court of Turkey cancelling the clause of this legislation limiting the deduction period of the unused investment allowances has again made effective the deductibility of the unused investment allowances after 31 December 2008. According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. An amendment to the Income Tax Law promulgated in Official Gazette no 6009 dated 1 August 2010 limited the amount of investment allowance to be utilised to 25% of earnings for the year, but the Constitutional Court of Turkey has cancelled this amendment providing 25% utilization of investment allowance and has again made effective utilization of investment allowance up to 100% of tax base by means of a decision dated 9 February 2012, being effective starting from the tax returns to be filed for the fiscal period as at 31 December 2011.

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

27. TAXATION (continued)

Investment allowance

Therefore, the consolidated financial statements of the Group as at 31 December 2013 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. GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., has sued for the utilization of the investment allowance relating to 75% of the earnings which could not be utilised in the corporate tax return filed for the year 2010 reserving the right to sue and has been entitled to utilise it by adjusting the corporate tax return for the year 2010 via offsetting the investment allowance not utilized previously against the corporate tax of TL 641 paid during the year 2014 and to take back the paid amount by the decision of the tax court notified on 27 March 2014. The amounts that have been taken back in cash and by offsetting until 31 December 2014 amounted to TL 396 and TL 245, respectively, totalling TL 641.

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

Unused investment allowances				
Group company	**31 December 2018**		**31 December 2017**	
	Subject to 19.8% withholding tax	**Subject to 0% withholding tax**	**Subject to 19.8% withholding tax**	**Subject to 0% withholding tax**
GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş.	135,267	-	109,332	-
Total	**135,267**	**-**	**109,332**	**-**

Transfer pricing

According to the article 13 titled "the disguised profit distribution by way of transfer pricing" of the Corporate Tax Law, if prices or considerations imposed for purchase or sale of goods or services between the company and its related parties are not consistent with the arm's length principle, the profit hence from is regarded as fully or partially distributed in a disguised way by way of transfer pricing. The arm's length principle implies that transfer prices or considerations applied in purchase or sale of goods or services between related parties should be in accordance with prices which would have been agreed between unrelated parties. Corporations are required to determine the price or consideration applied in the transactions with related parties by choosing the method most appropriate to the nature of the transaction among the comparable uncontrolled price method, the cost plus method, the resale minus method or the other methods determined by them. The income fully or partially distributed in a disguised way through transfer pricing is considered as dividend distributed by the resident corporations and the amount transferred back to the head office by the non-resident corporations as of the last day of the fiscal period in which the conditions stipulated in this article are realized, with respect to the application of Corporate and Income Tax Laws. The former assessments of tax are adjusted accordingly for the tax-payers being a party to these transactions provided that the tax to be charged to the corporation making the disguised profit distribution is finalized and paid before this adjustment is made.

Consolidated Tax Calculation

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

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

27. TAXATION (continued)

Deferred tax assets and liabilities

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

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

As at 31 December 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 financial statements without offsetting assets and liabilities are shown separately in the financial statements arising from different companies that are subject to consolidation in the financial statements.

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

	31 December 2018	31 December 2017
Deferred tax liabilities		
Valuation differences of securities	22,230	13,885
Valuation and depreciation differences of fixed assets	107	120
Other	70	12
Gross deferred tax liabilities	**22,407**	**14,017**
Deferred tax assets		
Provisions arising from financial sector operations	965	774
Tax losses	795	574
Provision for employee termination benefits obligation	371	334
Derivative financial instruments	-	345
Provision for employee unused paid vacation obligation	239	218
Provision for employee bonus	277	243
Valuation differences on securities	9	-
Other	34	19
Gross deferred tax assets	**2,690**	**2,507**
Deferred tax assets/(liabilities), net	**(19,717)**	**(11,510)**

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

	Continuing Operations		Discontinued Operations	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Deferred tax assets, net at 1 January	**(11,510)**	**(6,295)**	**-**	**-**
Deferred income tax recognized in consolidated income statement	(17,350)	(1,706)	-	-
Deferred income tax recognized in consolidated other comprehensive income	3,175	(3,509)	-	-
Reversal of deferred tax expense	5,968	-		
Deferred tax assets, net at the end of period	**(19,717)**	**(11,510)**	**-**	**-**

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

27. TAXATION (continued)

Income tax benefit / (expense)

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis. Major components of income tax benefit / (expense) for the periods ended 31 December 2018 and 31 December 2017 are as follows:

Consolidated income tax benefit /(expense)

	31 December 2018			31 December 2017		
Continuing Operations	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**
Current income tax benefit/(expense)	(32,867)	(937)	(33,804)	(9,781)	(1,246)	(11,027)
Deferred income tax benefit /(expense)	(17,350)	3,175	(14,175)	(1,706)	(3,509)	(5,215)
Total	**(50,217)**	**2,238**	**(47,979)**	**(11,487)**	**(4,755)**	**(16,242)**

Consolidated income tax benefit /(expense)

	31 December 2018			31 December 2017		
Discontinued Operations	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**	**Consolidated income statement**	**Consolidated other comprehensive income**	**Consolidated statement of comprehensive income**
Current income tax benefit/(expense)	-	-	-	-	-	-
Deferred income tax benefit /(expense)	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Prepaid Income Tax

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

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

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

Continuing Operations	**31 December 2018**	**31 December 2017**
Corporate income taxes payable	33,804	11,027
Prepaid income taxes	(29,462)	(9,230)
Income taxes payable, net	**4,342**	**1,797**

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

27. TAXATION (continued)

Reconciliation

	31 December 2018		31 December 2017	
Profit before income tax and non-controlling interest		**350,392**		**66,527**
Corporate tax at applicable rate of 22% (*)	(22%)	(77,086)	(20%)	(13,305)
Effect of unrecognized tax losses	-	-	0%	(121)
Effect of recognizing deferred tax asset of the prior periods	-	-	0%	(204)
Effect of tax-exempt income	0%	157	0%	169
Effect of different corporate tax rates	0%	1,491	(2%)	(1,586)
Effect of non-deductible expenses	0%	(293)	(1%)	(387)
Provisions (expense) / income for financial sector activities	0%	18	-	-
The effect of profit / loss on the sale of property for sale	1%	2,649	-	-
Reversal of deferred tax asset / liability at the beginning of the period	2%	5,625	-	-
Effect of corporate tax exemption on profit from valuation of securities	9%	30,750	7%	4,738
Effect of the dividend for Board of Directors	0%	(260)	-	-
Effect of consolidation eliminations between ongoing and discontinued operations	(4%)	(13,401)	-	-
Other (Major non-allocated deferred tax asset/liability effect)	0%	133	(1%)	791
Income tax benefit /(expense) in the consolidated income statement	**14%**	**(50,217)**	**(17%)**	**(11,487)**

(*) According to the provisional clause 10 added to the Corporate Tax Law; corporate tax rate is applied as 22% in 2018, which would later be applied as 20% in 2017.

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

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

28. DERIVATIVES

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

The table below shows the favourable (assets) and unfavourable (liabilities) fair values of derivative financial instruments together with the contractual cash inflows and outflows which are notional amounts for the purchase and sale contracts for derivatives held for trading for currency purchase and sale, analyzed on the basis of the remaining period at the reporting date to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period-end and are neither indicative of the market risk nor credit risk.

31 December 2018	Carrying value of derivative assets (Fair value)	Carrying value of derivative liabilities (Fair value)	Total contractual cash inflows and (outflows) (*)	Up to 1 months	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years
Derivatives held for trading								
Derivatives held for trading for currency and precious metal purchase and sale								
Currency swap purchase	-	-	-	-	-	-	-	-
Currency swap sale	-	-	-	-	-	-	-	-
Cash inflows of derivatives	-	-	-	-	-	-	-	-
Cash outflows of derivatives	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

31 December 2017	Carrying value of derivative assets (Fair value)	Carrying value of derivative liabilities (Fair value)	Total contractual cash inflows and (outflows) (*)	Up to 1 months	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years
Derivatives held for trading								
Derivatives held for trading for currency and precious metal purchase and sale								
Currency swap purchase	-	-	73,554	45,264	28,290	-	-	-
Currency swap sale	-	1,569	(75,540)	(46,462)	(29,078)	-	-	-
Cash inflows of derivatives	-	-	**73,554**	**45,264**	**28,290**	-	-	-
Cash outflows of derivatives	-	**(1,569)**	**(75,540)**	**(46,462)**	**(29,078)**	-	-	-
Total	-	**(1,569)**	**(1,986)**	**(1,198)**	**(788)**	-	-	-

(*) Contractual cash inflows and outflows are the net total of the notional amounts of the purchase and sale contracts for derivatives held for trading for currency and precious metal purchase and sale.

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

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

29. RELATED PARTY DISCLOSURES

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

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

	31 December 2018				31 December 2017			
	GSD Group	Delta Group	Share-holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	Continuing Operations				Continuing Operations			
Cash loans	-	-	242	-	-	-	1,303	-
Deposits-Borrowers' funds	-	-	4	-	-	2,045	5,114	-

	31 December 2018				31 December 2017			
	GSD Group	Delta Group	Share-Holders	Key Executives	GSD Group	Delta Group	Share-holders	Key Executives
	Continuing Operations				Continuing Operations			
Interest income	-	-	230	-	-	-	111	-
Interest expense	-	-	596	-	-	-	142	-
Rent expense	-	-	4,434	-	-	-	3,394	-
Commission income	-	-	5	-	2	-	-	-
Other expense	-	-	-	-	-	-	23	-

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

In the above table containing related party balances, the rent expense under the shareholders column comprise the amounts paid to Mehmet Turgut Yılmaz for office building rent by group companies; donation expense comprise the donations made to GSD Education Foundation by group companies; the balances of related party transactions under the headings of cash loans, non-cash loans, deposits, borrowers' funds, 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 9,665 for continuing operations for the annual period ended 31 December 2018 (31 December 2017: TL 8,388).

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

30. SHARE CAPITAL / TREASURY SHARES

Share Capital

As at 31 December 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:

	31 December 2018			31 December 2017		
Share group	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**	**Total number of shares**	**Nominal value per share (full TL)**	**Total nominal value (full TL)**
A (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
B (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
C (bearer shares)	70,704	0.01	707.04	70,704	0.01	707.04
D (bearer shares)	44,999,787,888	0.01	449,997,878.88	44,999,787,888	0.01	449,997,878.88
Total	**45,000,000,000**		**450,000,000,00**	**45,000,000,000**		**450,000,000,00**

Privileges

The Company's Board of Directors consists of 9 members which are selected by the general assembly according to Turkish Commercial Code. 5 members of the board of directors, 2 of whom are required to meet the criteria stipulated by the Corporate Governance Principles for independent board members, are selected from the candidates nominated by Class (A) shareholders, 2 members of the board of directors are selected from the candidates nominated by Class (B) shareholders and 2 members of the board of directors are selected from the candidates nominated by Class (C) shareholders by the general assembly.

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

Appointment of New Board Member

GSD Holding A.Ş. and GSD Investment Bank A.Ş. Board Member Murat Atım passed away on 31 July 2018. Pursuant to Article 363 of the TTK, it has been decided to appoint Canan Sümer as representative of Group D shareholders to fill the remaining term of the member who has passed away and to be presented to the approval of the first General Assembly, and to be authorized to sign Group A shares.

Authorised Share Capital

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

Treasury Shares

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

	31 December 2018			31 December 2017		
The owner of the treasury shares	**Carrying value**	**Nominal value**	**Ownership percentage**	**Carrying value**	**Nominal Value**	**Ownership percentage**
GSD Holding A.Ş.	91,018	90,000	20.000%	91,018	90,000	20.000%
Treasury shares	**91,018**	**90,000**	**20.000%**	**91,018**	**90,000**	**20.000%**
Total	**91,018**	**90,000**	**20.000%**	**91,018**	**90,000**	**20.000%**

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

30. SHARE CAPITAL / TREASURY SHARES (continued)

Changes in Non-Controlling Interests Without Loss of Control

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

In the financial statements as at 31 December 2016, repurchased shares of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. recognized amounting to TL 90,420 and repurchased shares amounting to TL 2,601 has not been eliminated inadvertently. The elimination entries for the repurchased shares amounting to TL 2,601 has been recognized in the statement of changes in equity as at 31 December 2017.

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

	31 December 2018	31 December 2017
Change in the shares of GSD Holding as a result of repurchased shares of GSD Marin	(382)	(765)
The Changes in Non-Controlling Interests Without Loss of Control	**(382)**	**(765)**

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

	31 December 2018	31 December 2017
Opening Balance	**(765)**	**-**
Opening fund balance transferred to retained earnings	765	-
Change in the shares of GSD Holding as a result of repurchased shares of GSD Marin	(382)	(765)
The Changes in Non-Controlling Interests Without Loss of Control	**(382)**	(765)

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

30. SHARE CAPITAL / TREASURY SHARES (continued)

Non-controlling interests

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

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş	Consolidated
1 January 2018	**16,075**	**4,691**	**20,766**
Non-controlling interest in net profit/(loss) in the income statement	5,886	1,101	6,987
Non-controlling interest in profit/(loss) from foreign currency translation in other comprehensive income	570	-	570
Non-controlling interest in profit/(loss) from remeasurements of the net defined benefit liability (asset) in other comprehensive income	(2)	-	(2)
Non-controlling interest in profit/(loss) from treasury share	11	(311)	(300)
Change in the Non-controlling interest share	(1,030)	(9)	(1,039)
31 December 2018	**21,510**	**5,472**	**26,982**

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

	GSD Denizcilik Gayrimenkul İnş. San.ve Tic.A.Ş.	GSD Faktoring A.Ş	Consolidated
1 January 2017	**21,622**	**3,735**	**25,357**
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)
Change in the Non-controlling interest share	(4,820)	(36)	(4,856)
31 December 2017	**16,075**	**4,691**	**20,766**

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

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

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

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

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

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

31. OTHER COMPREHENSIVE INCOME

Fair value reserve:

Available for sale securities are initially recognised at cost at the acquisition date, being the fair value of the consideration given and other transaction costs incurred to acquire them and subsequently measured at fair value. Gains or losses on re-measurement to fair value of available for sale securities are recognized in equity until they are sold. Interest earned, dividends received and foreign exchange gains/(losses) on available for sale investments are recognised under interest income, dividend income and foreign exchange gain/ (loss) in the consolidated income statement, respectively.

When available for sale securities or a subsidiary owning available for sale securities are/is disposed of, the related part of the fair value reserve is transferred to the relevant income/expense item in the consolidated income statement.

The movement in the fair value reserve :

	31 December 2018		
	Continuing Operations	**Discontinued Operations**	**Total**
At 1 January	**22,361**	-	**22,361**
Increase/(decrease) in the reserve	(28,328)	-	(28,328)
Effect of deferred tax recognized in equity	5,967	-	5,967
Closing Balance	**-**		**-**

The Group has changed the accounting policy of Silopi Elektrik Üretim A.Ş. in the financial statements as at 1 January 2018. The available-for-sale financial assets have started to be carried at financial assets at fair value through profit or loss in accordance with transition to IFRS 9.

The movement in the fair value reserve:

	31 December 2017		
	Continuing Operations	**Discontinued Operations**	**Total**
At 1 January	**9,769**	**-**	**9,769**
Increase/(decrease) in the reserve	16,116	-	16,116
Effect of deferred tax recognized in equity	(3,524)	-	(3,524)
Closing Balance	**22,361**	-	**22,361**

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

31. OTHER COMPREHENSIVE INCOME (continued)

Translation Reserve:

The Group's translation reserve, between 1 January 2018 and 31 December 2018, belongs to subsidiaries of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and GSD Shipping B.V. which are classified as continuing operations in the Group's consolidated IFRS financial statements.

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

	31 December 2017	Movement	31 December 2018
Exchange differences arising on the opening net assets	21,632	102,917	124,549
Exchange differences arising on income and expenses	(1,783)	3,071	1,288
Exchange differences arising on long-term receivables	79,493	(10,636)	68,857
Current tax income/(expense) effect of FX translation difference	(6,305)	(1,111)	(7,416)
Deferred tax income/(expense) effect of FX translation difference	(9,601)	3,239	(6,362)
Increase/(decrease) in share of non-controlling interest (change at the beginning of period)	3,232	799	4,031
Increase/(decrease) in share of non-controlling interest (change at the end of period)	2,718	-	2,718
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(19,918)	(569)	(20,487)
Increase/(decrease) in share of non-controlling interest (total)	**(13,968)**	**230**	**(13,738)**
Total translation reserve, net	**69,468**	**97,710**	**167,178**

The movement in the translation reserve:

	31 December 2018	31 December 2017
At 1 January	**69,468**	**54,988**
Increase/(decrease) in the reserve	34,956	14,717
Effect of current tax expense recognized in comprehensive income	(1,111)	(1,246)
Deferred tax income / (expense) effect recognized in the statement of comprehensive income	3,239	-
Change in opening balance of the reserve attributable to non-controlling interests arising from change in ownership percentage	799	3,021
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	(569)	(2,012)
Other translation reserves	60,396	-
Closing Balance	**167,178**	**69,468**

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

31. OTHER COMPREHENSIVE INCOME (continued)

Remeasurements of the Net Defined Benefit Liability (Asset):

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

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

The Group transferred the balance of TL 66 of the Remeasurements of the Net Defined Benefit Liability (Asset) cumulatively recognised as other comprehensive income within equity as at 31 December 2017 to the Retained Earnings within equity as at 1 January 2018.

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

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

31 December 2017	Continuing Operations	Discontinued Operations	Total
At 1 January	**(375)**	**-**	**(375)**
Remeasurement gains/losses	(95)	-	(95)
Effect of deferred tax recognized in equity	18	-	18
Funds transferred to retained earnings	471	-	471
The effect of deferred tax expense transferred to retained earnings	(95)	-	(95)
The change in the reserve, net of tax, attributable to non-controlling interests	1	-	1
Increase/(decrease) in the reserve, net of tax, attributable to non-controlling interests	9	-	9
Closing Balance	**(66)**	**-**	**(66)**

32. LEGAL AND OTHER RESERVES AND RETAINED EARNINGS

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.

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.

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

Profit Distribution Policy (continued)

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.

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.

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

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

Profit Distribution of Group Companies (continued)

Retained earnings

	31 December 2018	31 December 2017
Extraordinary reserves (historical)	174,860	141,063
Extraordinary reserves (retained earnings arising from the first application of inflation accounting)	68,925	68,925
Inflation adjustment on extraordinary reserves	23,082	23,082
Reserves related to withdrawal of shares	6,304	6,304
Inflation adjustment on legal reserves	5,868	5,868
Transaction costs of equity transactions	(901)	(901)
IFRS adjustments	(325)	(22,054)
Retained earnings	**277,813**	**222,287**

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

	31 December 2018	31 December 2017
Net profit/loss for the period	252.996	35,575
Extraordinary reserves (historical)	174.860	141,063
Extraordinary reserves (retained earnings arising from the first application of inflation accounting)	68.925	68,925
Inflation adjustment on extraordinary reserves	23.082	23,082
The items that may be distributed as dividend in statutory financial statements	**519.863**	**268,645**

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.

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

33. COMMITMENTS AND CONTINGENCIES

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

	31 December 2018	31 December 2017
Letters of guarantee	1,339,594	1,009,160
Bills of acceptances	102,476	-
Total non-cash loans	**1,442,070**	**1,009,160**
Other commitments	-	29
Total non-cash loans and off-balance sheet commitments	**1,442,070**	**1,009,189**

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

34. OPERATING INCOME

Gross profit/(loss) from marine sector operations

	31 December 2018	31 December 2017
Rental income on ship time charters	102,950	57,617
Marine sector insurance indemnity income	-	719
Fuel purchasing and selling difference income	109	-
Other income	1,199	1,088
Marine sector income	**104,258**	**59,424**
Ship depreciation expense	(27,686)	(17,969)
Ship personnel expenses	(25,462)	(17,389)
Various materials, oil and fuel expenses of ships	(12,039)	(9,721)
Ship insurance expenses	(3,434)	(2,337)
Technical management fees	(2,878)	(1,801)
Maintenance and repair expenses	(1,953)	(1,484)
Loss of hire	(743)	(630)
Other expenses	(800)	(642)
Marine sector expense	**(74,995)**	**(51,973)**
Gross profit/(loss) from commercial sector operations	**29,263**	**7,451**

Gross profit/(loss) from financial sector operations

a) Service income and cost of service

	31 December 2018	31 December 2017
Fees and commission income	17,754	9,580
Income from banking transactions	461	-
Service income	**18,215**	**9,580**
Fees and commission expense	(1,421)	(934)
Cost of service	**(1,421)**	**(934)**
Service income less cost of service	**16,794**	**8,646**

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

34. OPERATING INCOME (continued)

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

b) Interest income / (expense)

	31 December 2018	31 December 2017
Interest income		
Interest income on factoring receivables	59,545	53,944
Interest income on loans and advances	53,325	41,914
Interest income on finance lease contracts	52	7
Other interest income	258	121
Interest income on securities	134	7
Interest received from banks	2,772	61
Interest received from money market transactions	1,601	-
Interest income	**117,687**	**96,054**
Interest expense		
Interest expense on funds borrowed	(27,610)	(29,848)
Interest expense on other money market deposits	(7,084)	(4,573)
Other interest expense	(2,553)	(1,006)
Interest expense	**(37,247)**	**(35,427)**
Net interest income	**80,440**	**60,627**

Provision expense arising from financial sector operations

	31 December 2018	31 December 2017
(Provision)/reversal of provision for loans and advances to customers	(247)	1,342
(Provision)/reversal of provision for factoring receivables	(2,147)	124
(Provision)/reversal of provision for finance lease receivables	(680)	(272)
(Provision)/reversal of provision for unindemnified non-cash loans	(1)	-
Total	**(3,075)**	**1,194**

Other financial sector operations income/(expense), net

	31 December 2018	31 December 2017
Banking Regulation and Supervision Agency contribution expense	(102)	(79)
Banking Association contribution expense	(22)	(20)
Other income/(expense)	1,509	535
Total	**1,385**	**436**

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

35. ADMINISTRATIVE EXPENSES

Administrative expenses

	31 December 2018	31 December 2017
Personnel expenses	(24,258)	(21,350)
Rent expenses	(5,193)	(4,021)
Vehicle, transportation and travel expenses	(2,065)	(1,052)
Amortization and depreciation expenses	(1,163)	(877)
External audit expenses	(1,226)	(811)
Taxes paid other than on income	(2,613)	(718)
Communication expenses	(579)	(646)
Building and fixed-asset expenses	(694)	(556)
Legal expenses	(19)	(101)
Office and printed material expenses	(140)	(118)
Insurance expense	(45)	(47)
Advertising expenses	(86)	(19)
Donation, aid and social responsibility expenses	(352)	(2)
Other expenses	(3,770)	(1,414)
Total	**(42,203)**	**(31,732)**

Personnel expenses

	31 December 2018	31 December 2017
Wages and salaries	(17,513)	(15,276)
Cost of defined contribution plan	(2,035)	(1,727)
Other fringe benefits	(1,384)	(1,225)
Paid bonus expense (*)	(2,392)	(2,047)
Provision expense for employee bonus	(269)	(373)
Paid expense for employee termination benefits obligation	(191)	(336)
Provision expense for employee termination benefits obligation	(267)	(184)
Provision expense for unused paid vacation obligation	(147)	(129)
Paid expense for unused paid vacation obligation	(53)	(53)
Other	(7)	-
Total	**(24,258)**	**(21,350)**

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

36. OTHER INCOME / (EXPENSE) FROM OPERATING ACTIVITIES

Other income from operating activities

	31 December 2018	31 December 2017
Other foreign exchange gains	50,613	14,874
Interest income on deposits with banks and financial institutions	4,134	2,591
Reversal of provision for employee termination benefits obligation	271	278
Reversal of provision for unused paid vacation obligation	43	-
Insurance indemnity income	37	-
Other income	264	185
Total	**55,362**	**17,928**

Other expense from operating activities

	31 December 2018	31 December 2017
Other foreign exchange losses	(26,323)	(10,487)
Total	**(26,323)**	**(10,487)**

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

37. INCOME / (EXPENSE) FROM INVESTMENT ACTIVITIES

Income from investment activities

	31 December 2018	31 December 2017
Foreign exchange gains on the non-current assets and the current assets not included in cash equivalents (*)	186,125	31,825
Interest income of long term assets and investments not included in cash equivalents	-	802
Gain on sale of available for sale securities	-	497
Gain on disposal of property and equipment and assets held for sale	-	28
Marketable securities valuation profit (excluding interest bearing securities)	193	-
Other income	82,338	7
Total	**268,656**	**33,159**

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

Other income

	31 December 2018	31 December 2017
GSD Yatırım Bankası A.Ş. - income from property sales	25,666	-
Other income	56,672	7
Total	**82,338**	**7**

Expense from investment activities (-)

	31 December 2018	31 December 2017
Long-term assets and investments not included in cash equivalents	-	(211)
Loss on available for sale securities	-	(71)
Loss on disposal of property and equipment and assets held for sale	-	(3)
Other expenses	(2)	(101)
Total	**(2)**	**(386)**

38. FINANCING EXPENSES

Financing expenses:

	31 December 2018	31 December 2017
Interest expense on borrowings	(19,746)	(13,954)
Foreign exchange loss on borrowings	(20,586)	(5,376)
Interest expense on the provision for employee benefits	(106)	(91)
Other financing expenses	(171)	(108)
Total	**(40,609)**	**(19,529)**

39. 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.

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

39. EARNINGS PER SHARE (continued)

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

Continuing Operations	31 December 2018	31 December 2017
Net profit/(loss)	293,188	56,776
The weighted average number of shares with a nominal value of full TL 1	360,000,000	364,468,219
Basic earnings per share with a nominal value of full TL 1	**0.814**	**0.156**
Diluted earnings per share with a nominal value of full TL 1	**0.814**	**0.156**

Discontinued Operations	31 December 2018	31 December 2017
Net profit/(loss)	-	-
The weighted average number of shares with a nominal value of full TL 1	360,000,000	364,468,219
Basic earnings per share with a nominal value of full TL 1	**-**	**-**
Diluted earnings per share with a nominal value of full TL 1	**-**	**-**

40. FINANCIAL RISK MANAGEMENT

THE REGULATIONS REGARDING THE RISK MANAGEMENT IN THE GROUP COMPANIES

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

In the Group bank, in accordance with banking regulations, the capital adequacy ratio and, beginning from 1 January 2014, the main capital adequacy ratio and the core capital adequacy ratio are required to be calculated on separate and consolidated bases and meet the minimum 8%, 6% and 4.5% respectively and held at these levels. The capital adequacy standard ratio, the main capital adequacy ratio and the core capital adequacy ratio are calculated by dividing the shareholders' equity, the main equity capital and the core equity capital respectively by the sum of "the amount taken as the basis to the credit risk+the amount taken as the basis to the market risk+the amount taken as the basis to the operational risk".

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

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

The amount taken as the basis to the market risk is the sum of the amounts taken as the basis to the market risk arising from the general market risk and specific risk composed of the interest rate risk, the equity instrument risk, the position risk held on the collective investment institutions and the credit derivative risk, the currency risk, the clearing risk, the commodity risk, the counterparty credit risk. The amount taken as the basis to the market risk is calculated for the market risk comprising the general market risk and specific risk related to the positions on the financial instruments with interest rate-linked returns, equity instruments, the positions on the collective investment institutions (mutual funds and investment trusts); the foreign exchange risk arising from the positions on all the on-balance sheet foreign currency asset and liability items, the foreign currency irrevocable non-cash loans and derivative financial instruments; the clearing risk for the loss to be incurred by the banks due to the price changes of the underlying securities, foreign currency items or commodities in the case of a clearing transaction default for the transactions on the delivery of a security, foreign currency item or commodity at the price and maturity specified in the agreement requiring the both parties to meet their obligations at the maturity; the commodity risk for the commodity-based derivative financial instruments and precious metals; the market risk for over-the-counter derivative financial instruments and the credit derivatives, the securities included in purchase and sell portfolio or the commodity-based securities or the commodity borrowing or lending transactions and the repurchase agreements and reverse repo agreements, the margin trading in securities and the counterparty credit risk that the counterparty to the transactions with long-term clearing defaults before the final payment in the cash-flow of the transaction. The amount taken as the basis to the market risk is calculated by means of the standard method or the risk measurement methods with the permission of BRSA.

40. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

The additional core equity capital is the excess of the banks' core equity capital over the core equity capital utilized by them to meet the capital adequacy standard ratio, the main capital adequacy ratio and the core capital adequacy ratio as required by the relevant directive, on separate and consolidated bases. The banks' additional core capital requirement is the amount calculated by multiplying the sum of the bank-specific cyclic capital buffer ratio (BCCB) and the capital protection buffer ratio (CPB) with risk-weighted assets (RWA). The CPB ratio is 2.5% on separate and consolidated bases (0% for 2014, 0% for 2015, 0.625% for 2016, 1.25% for 2017, 1.875% for 2018, 2.5% for 2019 and the subsequent years). The BCCB ratio is calculated by banks based on the country distribution of the loan portfolios on separate and consolidated bases in line with the principles and procedures to be determined by the Banking Regulation and Supervision Agency (BRSA). The cyclic capital buffer ratio which will be used by the banks for their risks in Turkey in the calculation of the BCCP ratio is determined by the BRSA. The risk-weighted assets (RWA) are calculated by dividing the shareholders' equity of the banks by their capital adequacy standard ratio calculated in accordance with the relevant directive. The profit distribution is limited to the maximum profit distribution rate stated in the relevant communiqué in the event that the additional core equity capital which will be calculated by banks on separate and consolidated bases is lower than the additional core equity capital requirement. The banks which are subject to the profit distribution limitation pursuant to the mentioned provisions are required to submit a capital restoration plan approved by the board of directors of the bank and intended to satisfy the additional core capital requirement to the BRSA within one month after the notification of the maximum profit distribution rate.

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

The Regulations Regarding the Leverage Ratios of the Group Bank

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

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

The ratio of the shareholders' equity to the total assets of the financial leasing and factoring companies are required to be attained and maintained at a minimum of 3% in accordance with the relevant directive.

40. FINANCIAL RISK MANAGEMENT (continued)

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

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

Recognition of Expected Credit Losses

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

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

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

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

The factoring company of the Group recognizes provisions for doubtful receivables as follows. The Group's provision for factoring receivables in accordance with TFRS 9 is not presented in the consolidated financial statements since the effect is not significant.

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

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

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

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

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

SENSITIVITY ANALYSIS FOR MARKET RISK

According to IFRS, there are three types of market risk: interest rate risk, currency risk and other price risk. Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected) and residual value risk. As at 31 December 2018 and 31 December 2017, since the Group's consolidated exposure to other price risk is not material, the Group's consolidated sensitivity analyses are given below in relevant sections only for interest rate risk and currency risk.

CREDIT RISK

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

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

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

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

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

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

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

	31 December 2018		**31 December 2017**	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Finance	152,875	154,665	151,759	228,470
Construction	11,178	381,156	12,532	148,313
Production	-	-	-	8
Agriculture	-	-	840	-
Food and Beverage	-	-	-	1,757
Energy	-	397,373	-	-
Textile	-	-	25	-
Iron and Steel	-	-	-	-
Chemicals	-	-	985	-
Electronics	-	217	-	-
Other	46,243	508,659	28,998	630,612
Corporate loans	**210,296**	**1,442,070**	**195,139**	**1,009,160**
Consumer loans	**148**	**-**	**153**	**-**
Interest accruals	**-**	**-**	**-**	**-**
Loans in arrears	**3,918**	**-**	**3,936**	**-**
Provision for possible loan losses	**(4,010)**	**-**	**(5,561)**	**-**
Total	**210,352**	**1,442,070**	**193,667**	**1,009,160**

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

40. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK ANALYSIS OF FINANCIAL INSTRUMENTS

	Receivables										
	Trade receivables		Other receivables								
31 December 2018	**Related party**	**Other party**	**Related party**	**Other party**	**Balances with banks and other financial institutions (*)**	**Marketable securities (**)**	**Derivative financial instruments**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**	**Other**
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	**-**	**6,310**	**-**	**12,811**	**249,495**	**42,987**	**-**	**1,652,408**	**105,760**	**26**	**-**
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	12,610	-	-	-	1,651,919	105,760	26	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	**-**	**6,310**	**-**	**12,811**	**249,495**	**42,987**	**-**	**210,259**	**105,420**	**-**	**-**
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. The net carrying amount of the financial assets that are past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**212**	**26**	**-**
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	212	26	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**79**	**128**	**-**	**-**
- Past due (gross carrying amount)	-	1,980	-	-	-	-	-	3,918	5,486	3,822	-
- Impairment provision (-)	-	(1,980)	-	-	-	-	-	(3,825)	(5,358)	(3,822)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	185	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(199)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,442,070**	**-**	**-**	**-**
31 December 2017											
The maximum exposure to credit risk at the end of the reporting period (A+B+C+D+E) (***)	**-**	**3,133**	**-**	**2,690**	**127,189**	**-**	**-**	**1,202,843**	**345,586**	**21**	**-**
- The part of the maximum exposure to credit risk mitigated by a collateral held as security and other credit enhancements	-	-	-	2,422	-	-	-	1,202,843	345,586	21	-
A. The net carrying amount of the financial assets that are neither past due nor impaired	**-**	**3,133**	**-**	**2,690**	**127,189**	**-**	**-**	**193,667**	**344,775**	**-**	**-**
B. The net carrying amount of the financial assets that would otherwise be past due or impaired whose terms have been renegotiated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. The net carrying amount of the financial assets that are past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**791**	**21**	**-**
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	791	21	-
D. The net carrying amount of the financial assets that are individually or collectively determined to be impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13)**	**20**	**-**	**-**
- Past due (gross carrying amount)	-	1,981	-	-	-	-	-	3,936	3,231	3,142	-
- Impairment provision (-)	-	(1,981)	-	-	-	-	-	(3,936)	(3,211)	(3,142)	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	1,625	-	-	-
- Impairment provision (-)	-	-	-	-	-	-	-	(1,638)	-	-	-
- The part mitigated by a collateral held as security and other credit enhancements	-	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,009,189**	**-**	**-**	**-**

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

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

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

	Receivables							
31 December 2017	**Trade receivables**	**Other receivables**	**Balances with banks and other financial institutions**	**Marketable securities**	**Derivative financial institutions**	**Loans and advances to customers**	**Factoring receivables**	**Finance lease receivables, net**
0-30 days past due	-	-	-	-	-	-	500	21
1-3 months past due	-	-	-	-	-	-	141	-
3-12 months past due	-	-	-	-	-	-	150	-
1-5 years past due	-	-	-	-	-	-	-	-
Over 5 years past due	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**791**	**21**
The part mitigated by a collateral held as security and other credit enhancements	**-**	**-**	**-**	**-**	**-**	**-**	**791**	**21**

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

40. FINANCIAL RISK MANAGEMENT (continued)

Collateral obtained against loans and advances to customers that are not impaired:	**31 December 2018**	**31 December 2017**
Real estate mortgage	10,657	26,950
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	107,868	165,103
Total	**118,051**	**192,054**

Collateral obtained against non-cash loans that are not impaired:	**31 December 2018**	**31 December 2017**
Real estate mortgage	375	355
Cash collateral	48,963	37,557
Other collaterals (mortgage over movable properties, institutional and personal guarantees, guarantee notes)	1,183,675	895,170
Total	**1,233,013**	**933,082**

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

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

The collaterals obtained against finance lease receivables in relation to the outstanding lease contracts:	**31 December 2018**	**31 December 2017**
Guarantee notes	26	21
Mortgages	-	-
Total	**26**	**21**

Collateral obtained against factoring receivables:	**31 December 2018**	**31 December 2017**
Collateral bill	92,040	333,923
Cheque collateral	13,432	10,296
Guarantees issued by financial institutions	288	1,367
Total	**105,760**	**345,586**

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

40. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY RISK

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

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

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

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

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2018								
Financial liabilities								
Liabilities from money market transactions	**18,513**	**18,525**	18,525	-	-	-	-	-
Funds borrowed	**430,590**	**480,246**	282	68,975	34,674	109,245	267,070	-
Borrowers' funds	**77,133**	**77,391**	33,212	16,078	24,786	3,315	-	-
Factoring payables	**1,430**	**1,430**	-	1,430	-	-	-	-
Liabilities arising from finance leases	**57**	**57**	57	-	-	-	-	-
Total	**527,723**	**576,060**	**50,487**	**86,483**	**59,460**	**112,560**	**267,070**	**-**

	Carrying value	Total contractual undiscounted cash flows	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
As at 31 December 2017								
Financial liabilities								
Liabilities from money market transactions	**60,754**	**60,898**	46,149	14,749	-	-	-	-
Funds borrowed	**515,620**	**549,209**	142,787	48,571	75,217	30,302	250,058	2,274
Borrowers' funds	**45,292**	**45,368**	-	7,979	37,389	-	-	-
Factoring payables	**1,812**	**1,812**	-	1,812	-	-	-	-
Liabilities arising from finance leases	**94**	**94**	94	-	-	-	-	-
Total	**623,572**	**657,381**	**189,030**	**73,111**	**112,606**	**30,302**	**250,058**	**2,274**

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

40. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY RISK

The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

Liquidity risk analysis of the statement of financial position amounts based on the remaining period at reporting date to the contractual maturity date

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Un-assigned	Total
As at 31 December 2018								
Assets from continuing operations								
Cash and balances with the Central Bank (*)	5,441	-	-	-	-	-	-	5,441
Deposits with banks and other financial institutions (*)	233,355	3,104	-	-	-	-	-	236,459
Receivables from money market transactions(*)	5,003	-	-	-	-	-	-	5,003
Reserve deposits at the Central Bank (*)	2,594	-	-	-	-	-	-	2,594
Financial assets at fair value through profit/loss	-	-	-	-	-	-	721,845	721,845
Loans and advances	107,040	62,575	38,552	2,129	25	124	(93)	210,352
Factoring receivables, net	33,779	59,985	11,354	642	-	-	-	105,760
Finance lease receivable, net	26	-	-	-	-	-	-	26
Unquoted equity instruments	-	-	-	-	-	-	377	377
Assets held for sale	-	-	-	-	-	-	76	76
Property and equipment, net	-	-	-	-	-	-	586,324	586,324
Intangible assets, net	-	-	-	-	-	-	407	407
Prepaid expenses	21	124	440	89	293	-	862	1,829
Prepaid income tax	-	-	-	2,894	-	-	96	2,990
Deferred tax assets	-	-	-	-	-	-	2,318	2,318
Trade and other receivables and other assets	19,879	-	-	1,016	4	-	3,764	24,663
Total assets	**407,138**	**125,788**	**50,346**	**6,770**	**322**	**124**	**1,315,976**	**1,906,464**
Liabilities from continuing operations								
Derivative financial liabilities	-	-	-	-	-	-	-	-
Liabilities from money market transactions	18,513	-	-	-	-	-	-	18,513
Funds borrowed	32,163	68,730	22,661	65,530	241,506	-	-	430,590
Borrowers' funds	49,218	27,915	-	-	-	-	-	77,133
Factoring payables	-	1,430	-	-	-	-	-	1,430
Liabilities arising from finance leases	57	-	-	-	-	-	-	57
Deferred income	1,862	-	-	-	-	-	1,226	3,088
Income taxes payable	-	4,342	-	-	-	-	-	4,342
Provisions	-	-	-	2,445	3,028	-	-	5,473
Debt provisions	-	-	-	1,557	-	-	-	1,557
Deferred tax liability	-	-	-	-	-	-	22,035	22,035
Trade and other payables and other liabilities	15,093	-	-	-	-	-	-	15,093
Total liabilities	**116,906**	**102,417**	**22,661**	**69,532**	**244,534**	**-**	**23,261**	**579,311**
Net liquidity gap	**290,232**	**23,371**	**27,685**	**(62,762)**	**(244,212)**	**124**	**1,292,715**	**1,327,153**
As at 31 December 2017								
Total assets	**284,540**	**282,705**	**91,749**	**12,419**	**1,426**	**136**	**929,622**	**1,602,597**
Total liabilities	**232,500**	**79,102**	**70,463**	**24,173**	**228,012**	**2,223**	**14,642**	**651,115**
Net liquidity gap	**52,040**	**203,603**	**21,286**	**(11,754)**	**(226,586)**	**(2,087)**	**914,980**	**951,482**

(*) Cash and cash equivalents.

CURRENCY RISK

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

CURRENCY RISK (continued)

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

Sensitivity Analysis for Currency Risk

At 31 December 2018 and 31 December 2017, if all foreign currencies had strengthened or weakened 10 per cent against TL with all other variables held constant, the changes in the consolidated post-tax profit of the Group for the periods ended 31 December 2018 and 31 December 2017 and other components of equity of the Group as at those dates, which are the changes in net profit or other comprehensive income, net of tax, attributable to equity holders of the parent for the periods 31 December 2018 and 31 December 2017, respectively, would have been as follows:

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

	31 December 2017			
	Net Profit/(Loss) (*)		**Other Components of Equity (*)**	
	Foreign currencies' strengthening	**Foreign currencies' weakening**	**Foreign currencies' strengthening**	**Foreign currencies' weakening**
The 10% change in TL/USD:				
1- The change in USD denominated assets/liabilities except derivatives	36,470	(36,470)	20,937	(20,937)
2- Hedging effect arising from the derivatives	5,884	(5,884)	-	-
3- Net effect due to the change in TL/USD (1+2)	**42,354**	**(42,354)**	**20,937**	**(20,937)**
The 10% change in TL/EUR:				
4- The change in EUR denominated assets/liabilities except derivatives	40	(40)	-	-
5- Hedging effect arising from the derivatives	-	-	-	-
6- Net effect due to the change in TL/EUR (4+5)	**40**	**(40)**	**-**	**-**
The 10% change in TL/Other foreign currencies:				
7- The change in other foreign currencies denominated assets/liabilities except derivatives	(1)	1	-	-
8- Hedging effect arising from the derivatives	-	-	-	-
9- Net effect due to the change in TL/Other foreign currencies (7+8)	**(1)**	**1**	**-**	**-**
TOTAL (3+6+9)	**42,393**	**(42,393)**	**20,937**	**(20,937)**

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency position table (*)	**31 December 2018**				**31 December 2017**			
(Unless indicated,orginal currency)	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**	**TL**	**Thousand USD**	**Thousand Euro**	**Other (TL)**
1. Trade Receivables	6,303	1,198	-	-	3,123	828	-	-
2a. Monetary Financial Assets (Cash and Bank)	289,059	54,740	177	11	135,663	33,540	1,841	841
2b. Non-Monetary Financial Assets	677,341	128,750	-	-	499,816	132,510	-	-
3. Other	5,156	970	9	-	1,875	488	7	-
4. Current Asset (1+2+3)	**977,859**	**185,658**	**186**	**11**	**640,477**	**167,366**	**1,848**	**841**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets (Cash and Bank	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	583,071	110,831	-	-	366,569	97,183	-	-
8. Non Current Assets (5+6+7)	**583,071**	**110,831**	**-**	**-**	**366,569**	**97,183**	**-**	**-**
9. Total Assets (4+8)	**1,560,930**	**296,489**	**186**	**11**	**1,007,046**	**264,549**	**1,848**	**841**
10. Trade Payables	67	13	-	-	613	163	-	-
11. Financial Liabilities	228,618	43,405	38	40	74,095	17,345	1,730	856
12a. Monetary Other Financial Liabilities	53	-	9	-	188	48	-	1
12b. Non Monetary Other Financial Liabilities	2,964	562	1	-	847	221	2	3
13. Short Term Liability (10+11+12)	**231,702**	**43,980**	**48**	**40**	**75,743**	**17,777**	**1,732**	**860**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	241,506	45,906	-	-	227,305	60,263	-	-
16 a. Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
16 b. Non Monetary Other Financial Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liability (14+15+16)	**241,506**	**45,906**	**-**	**-**	**227,305**	**60,263**	**-**	**-**
18. Total Liability (13+17)	**473,208**	**89,886**	**48**	**40**	**303,048**	**78,040**	**1,732**	**860**
19. Net Asset/(Liability) Position of Off Balance Sheet Foreign Currency Derivative Instruments(19a-19b)	-	-	-	-	73,554	19,501	-	-
19a. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	73,554	19,501	-	-
19b. Amount of Liability Characteristic Off Balance Sheet Derivative Instruments	-	-	-	-	-	-	-	-
20. Net financial position (9-18+19)	**1,087,722**	**206,603**	**138**	**(29)**	**777,552**	**206,010**	**116**	**(19)**
21. Position of Net Monetary Units of Foreign Currency Assets / (Liabilities) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(174,882)**	**(33,386)**	**130**	**(29)**	**(163,415)**	**(43,451)**	**111**	**(16)**
22.Total Fair value of Financial Instruments used for Currency Hedge	-	-	-	-	(1,569)	-	-	(1,569)
23. Amount of hedged Foreign Currency Assets	-	-	-	-	-	-	-	-
24. Amount of hedged Foreign Currency Liabilities	-	-	-	-	73,554	19,501	-	-
25. Export	-	-	-	-	-	-	-	-
26. Import	-	-	-	-	-	-	-	-

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

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

	TL	US Dollars	Euro	Others	Total
At 31 December 2018					
Assets from continuing operations					
Cash and balances with the Central Bank (*)	203	5,238	-	-	5,441
Deposits with banks and other financial institutions (*)	2,107	233,577	764	11	236,459
Receivables from money market transactions(*)	5,003	-	-	-	5,003
Reserve deposits at the Central Bank (*)	6	2,588	-	-	2,594
Financial assets at fair value through profit or loss	1,517	720,328	-	-	721,845
Loans and advances, net	206,766	3,586	-	-	210,352
Factoring receivables, net	105,472	-	288	-	105,760
Finance lease receivables, net	6	7	13	-	26
Unquoted equity instruments	377	-	-	-	377
Assets held for sale	76	-	-	-	76
Property and equipment, net	3,253	583,071	-	-	586,324
Intangible assets, net	407	-	-	-	407
Prepaid expenses	446	1,338	45	-	1,829
Prepaid income tax	2,990	-	-	-	2,990
Deferred tax asset	2,318	-	-	-	2,318
Trade and other receivables and other assets	14,587	10,067	9	-	24,663
Total assets	**345,534**	**1,559,800**	**1,119**	**11**	**1,906,464**
Liabilities from continuing operations					
Derivative financial liabilities	-	-	-	-	-
Liabilities from money market transactions	18,513	-	-	-	18,513
Funds borrowed	29,690	400,717	183	-	430,590
Borrowers' funds	8,018	69,115	-	-	77,133
Factoring payables	1,365	-	25	40	1,430
Liabilities arising from finance leases	13	23	21	-	57
Deferred income	124	2,955	9	-	3,088
Income taxes payable	4,342	-	-	-	4,342
Provisions	5,473	-	-	-	5,473
Debt provisions	1,557	-	-	-	1,557
Deferred tax liability	22,035	-	-	-	22,035
Trade and other payables and other liabilities	14,973	67	53	-	15,093
Total liability	**106,103**	**472,877**	**291**	**40**	**579,311**
Net balance sheet position	**239,431**	**1,086,923**	**828**	**(29)**	**1,327,153**
Net off-balance sheet position	**-**	**-**	**-**	**-**	**-**
Net notional amount of derivatives from continuing operations	-	-	-	-	-
At 31 December 2017					
Total assets	**595,551**	**997,858**	**8,347**	**841**	**1,602,597**
Total liabilities	**348,067**	**294,360**	**7,828**	**860**	**651,115**
Net balance sheet position	**247,484**	**703,498**	**519**	**(19)**	**951,482**
Net off-balance sheet position	**(75,540)**	**73,554**	**-**	**-**	**(1,986)**

(*) Cash and cash equivalents.

INTEREST RATE RISK

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

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

40. FINANCIAL RISK MANAGEMENT (continued)

INTEREST RATE RISK (continued)

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2018								
Assets from continuing operations								
Cash and balances with the Central Bank (*)	5,440	-	-	-	-	-	1	5,441
Deposits with banks and other financial institutions (*)	215,113	16,411	-	-	-	-	4,935	236,459
Receivables from money market transactions	5,003	-	-	-	-	-	-	5,003
Derivative financial assets held for trading	-	-	-	-	-	-	-	-
Reserve deposits at the Central Bank	2,594	-	-	-	-	-	-	2,594
Unquoted equity instruments	-	-	-	-	-	-	377	377
Financial assets– fair value through profit/loss	-	-	-	-	-	-	721,845	721,845
Assets held for sale	-	-	-	-	-	-	76	76
Property and equipment, net	-	-	-	-	-	-	586,324	586,324
Loans and advances, net	107,040	62,575	38,552	2,129	25	124	(93)	210,352
Factoring receivables, net	33,779	59,985	11,354	642	-	-	-	105,760
Finance lease receivables, net	26	-	-	-	-	-	-	26
Intangible assets, net	-	-	-	-	-	-	407	407
Prepaid expenses	21	124	440	89	293	-	862	1,829
Prepaid income tax	-	-	-	-	-	-	2,990	2,990
Deferred tax asset	-	-	-	-	-	-	2,318	2,318
Trade and other receivables and other assets	3,883	-	-	-	-	-	20,780	24,663
Total assets	**372,899**	**139,095**	**50,346**	**2,860**	**318**	**124**	**1,340,822**	**1,906,464**
Liabilities from continuing operations								
Derivative financial liabilities held for trading	-	-	-	-	-	-	-	-
Payables from leasing activities	-	-	-	-	-	-	57	57
Tax liability on current period operations	-	-	-	-	-	-	4,342	4,342
Payables from money market transactions	18,513	-	-	-	-	-	-	18,513
Loans received	32,163	68,730	22,661	65,530	241,506	-	-	430,590
Borrower funds	47,629	27,915	-	-	-	-	1,589	77,133
Deferred income	1,862	-	-	-	-	-	1,226	3,088
Factoring payables	-	1,430	-	-	-	-	-	1,430
Provisions for employee benefits	-	-	-	-	-	-	5,473	5,473
Debt provisions	-	-	-	-	-	-	1,557	1,557
Deferred tax liability	-	-	-	-	-	-	22,035	22,035
Trade and other payables and other liabilities	47	-	-	-	-	-	15,046	15,093
Total liability	**100,214**	**98,075**	**22,661**	**65,530**	**241,506**	**-**	**51,325**	**579,311**
Total interest sensitivity gap	**272,685**	**41,020**	**27,685**	**(62,670)**	**(241,188)**	**124**	**1,289,497**	**1,327,153**
At 31 December 2017								
Total assets	**256,496**	**282,705**	**91,749**	**11,610**	**1,422**	**136**	**958,479**	**1,602,597**
Total liabilities	**225,733**	**77,490**	**68,910**	**23,537**	**225,082**	**2,223**	**28,140**	**651,115**
Total interest sensitivity gap	**30,763**	**205,215**	**22,839**	**(11,927)**	**(223,660)**	**(2,087)**	**930,339**	**951,482**

(*) Cash and cash equivalents.

Interest Rate Sensitivity Analysis

Interest Risk Position Table			
		31 December 2018	**31 December 2017**
Financial instruments carried at fair value			
Financial Assets	Financial assets– fair value through profit/loss	-	-
Financial Liabilities		-	-
Financial instruments carried at other than fair value			
Flexible interest financial instruments			
Financial Assets		-	
Financial Liabilities		274,759	159,807
Fixed interest rate financial instruments			
Financial Assets		565,642	644,118
Financial Liabilities		253,227	463,168

40. FINANCIAL RISK MANAGEMENT (continued)

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

At 31 December 2018 and 31 December 2017, if interest rates at that date had been 1 per cent higher with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2018 and 31 December 2017 would have been TL 0 and TL 0 lower, respectively, and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 lower as at those dates, respectively.

At 31 December 2018 and 31 December 2017, if interest rates at that date had been 1 per cent lower with all other variables held constant, the consolidated post-tax profit of the Group for the years ended 31 December 2018 and 31 December 2017 would have been TL 0 and TL 0 higher, respectively and the consolidated other comprehensive income, net of tax of the Group would have been TL 0 and TL 0 higher as at those dates, respectively.

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

If interest rates at 31 December 2018 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2019 to 31 March 2019 would have been TL 980 and TL 290 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 690 and TL 665 higher, respectively.

If interest rates at 31 December 2018 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2019 to 31 March 2019 would have been TL 980 and TL 290 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 690 and TL 665lower, respectively.

If interest rates at 31 December 2017 had been 1 per cent higher at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2018 to 31 March 2018 would have been TL 771 and TL 535 higher, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 236 and TL 235 higher, respectively.

If interest rates at 31 December 2017 had been 1 per cent lower at that date and had been constant at this level for the following three months period with all other variables held constant, the consolidated interest income and the consolidated interest expense of the Group for the three months period from 1 January 2018 to 31 March 2018 would have been TL 771 and TL 535 lower, respectively; the consolidated net interest income/(expense) of the Group before and after non-controlling interest would have been TL 236 and TL 235 lower, respectively.

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

40. FINANCIAL RISK MANAGEMENT (continued)

Collaterals, pledges, mortgages and guarantees given by the Group

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

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**	**31 December 2018**				
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**33**	**353,340**	**-**	**-**	**353,373**
1.Letters of guarantee given by the Group Company	-	-	-	-	-
2. Letters of guarantee given by the Non-Group Banks as collateral against cash loans	-	-	-	-	-
3. Other letters of guarantee given by the Non-Group Banks	-	-	-	-	-
4.Marketable Securities	-	-	-	-	-
5.Cash and bank deposit pledges	33	1,316	-	-	1,349
6.Mortgage given as collateral against cash loans (***)(****)	-	187,600	-	-	187,600
7.Subsidiary share pledge given as collateral against cash loans (***)(****)	-	164,424	-	-	164,424
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**44,062**	**803,505**	**-**	**-**	**847,567**
1. Guarantees given as collateral against cash loans (*)	43,606	716,346	-	-	759,952
2. Guarantees given as collateral against derivative contracts (*)	-	-	-	-	-
3. Letters of guarantee given as collateral against cash loans	-	-	-	-	-
4. Other non-cash loans	456	-	-	-	456
5. Mortgage given as collateral against cash loans (***) (****)	-	87,159	-	-	87,159
6. Subsidiary share pledge given as collateral against cash loans	-	-	-	-	-
7. Bank deposit given as collateral against cash loans	-	-	-	-	-
8. Other	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**973,215**	**346,942**	**121,913**	**-**	**1,442,070**
1. Non-cash loans given by the Group Bank	973,215	346,942	121,913	-	1,442,070
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	**-**	**-**	**-**	**-**	**-**
E. Other collaterals, pledges, mortgages and guarantees given by the Group	**-**	**-**	**-**	**-**	**-**
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (**)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**1,017,310**	**1,503,787**	**121,913**	**-**	**2,643,010**

As at 31 December 2018, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 20.19%.

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

40. FINANCIAL RISK MANAGEMENT (continued)

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

Continuing Operations **Collaterals, pledges, mortgages and guarantees given by the Group**			**31 December 2017**		
	TL	**US Dollars**	**Euro**	**Others**	**Total**
A. Collaterals, pledges, mortgages and guarantees given by the Group Companies in favor of their own judicial entities	**10**	**85,627**	**-**	**-**	**85,637**
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(***)	-	51,354	-	-	51,354
7.Subsidiary share pledge given as collateral against cash loans(***)	-	28,108	-	-	28,108
8.Other	-	-	-	-	-
B. Collaterals, pledges, mortgages and guarantees given by the Group in favor of consolidated Group Companies	**264,041**	**681,675**	**523**	**827**	**947,066**
1. Guarantees given as collateral against cash loans (*)	263,616	566,025	523	827	830,991
2. Guarantees given as collateral against derivative contracts (*)	-	-	-	-	-
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 (***)	-	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	-	-	-	-	-
C. Collaterals, pledges, mortgages and guarantees given by the Group while conducting ordinary business activities in favor of non-Group entities	**756,650**	**250,252**	**2,258**	**-**	**1,009,160**
1. Non-cash loans given by the Group Bank	756,650	250,252	2,258	-	1,009,160
2. Other	-	-	-	-	-
D. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the associates and joint ventures with direct shareholdings pursuant to the Article 12/2. of the Communique on the Corporate Governance	-	-	-	-	-
E. Other collaterals, pledges, mortgages and guarantees given by the Group	-	-	-	-	-
1. Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main shareholder (**)	-	-	-	-	-
2. Collaterals, pledges, mortgages and guarantees given by the Group in favor of Group Companies other than those covered under the classes B and C	-	-	-	-	-
3. Collaterals, pledges, mortgages and guarantees given by the Group in favor of non-Group entities other than those covered under the class C	-	-	-	-	-
Total	**1,020,701**	**1,017,554**	**2,781**	**827**	**2,041,863**

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

(**) Collaterals, pledges, mortgages and guarantees given by the Group in favor of the main 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.

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

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

As at 31 December 2018, the rate of the other collaterals, pledges, mortgages and guarantees given by the Group to shareholders' equity is 0% (31 December 2017: 0%).

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

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers	210,352	210,352	193,667	193,667
Finance lease receivables	26	26	21	21
Factoring receivables	105,760	105,760	345,586	345,586
Total	**316,138**	**316,138**	**539,274**	**539,274**
Financial liabilities				
Funds borrowed	430,590	430,620	515,620	515,620
Factoring payables	1,430	1,430	1,812	1,812
Total	**432,020**	**432,020**	**517,432**	**517,432**

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

- Fair values of certain financial assets and liabilities carried at cost or amortized cost, including cash and cash equivalents, balances with the Central Bank, deposits with banks and other financial institutions, other money market placements, factoring receivables and payables, demand deposits and reserve deposits at the central bank are considered to approximate their respective carrying values due to their short-term nature.

  Fair values of other financial instruments are determined by using estimation techniques that include taking reference to the current market value of another instrument with similar characteristics or by discounting the expected future cash flows at prevailing interest rates.

Fair Value Hierarchy

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

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

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

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

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

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

The fair value hierarchy of the financial assets and liabilities of the Group carried at fair value according to the foregoing principles as at 31 December 2018 and 31 December 2017 is given in the table below:

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

31 December 2017	Level 1	Level 2	Level 3	Total
Assets				
Trading securities	-	-	-	**-**
Available-for-sale investment securities	-	499,816	160	**499,976**
Derivative assets held for trading	-	-	-	**-**
Total	**-**	**499,816**	**160**	**499,976**
Liabilities				
Derivative liabilities held for trading	-	1,569	-	**1,569**
Total	**-**	**1,569**	**-**	**1,569**

42. EVENTS AFTER THE REPORTING PERIOD

None.

43. OTHER ISSUES

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

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

43. OTHER ISSUES (continued)

The purchase of the 15 % shares of Silopi Elektrik Üretim A.Ş. by GSD Holding A.Ş. from Park Holding A.Ş. (continued)

In relation to the accounting for the shareholding of 15% in Silopi Elektrik Üretim A.Ş., the management of GSD Holding A.Ş. has taken the view that GSD Holding A.Ş. has no significant influence over Silopi Elektrik Üretim A.Ş. taking into account the definition of significant influence which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies as stated in "IAS 28 Investments in Associates and Joint Ventures" and the purchase of 15% shares of Silopi Elektrik Üretim A.Ş. from Park Holding A.Ş. on 29 June 2015 is an acquisition of an equity instrument that can not be considered an investment in an associate in terms of IFRS and has classified the mentioned shares under the heading "Available-for-Sale Investment Securities" in the consolidated IFRS statement of financial position of the Group as at 30 June 2015. In line with that classification, starting from the consolidated IFRS financial statements of the Group as at 30 June 2015, the 15% shares of Silopi Elektrik Üretim A.Ş. have been measured at the share purchase price of US$ 125,000,000 translated using the closing foreign exchange rate taking into account the put option held at the fair value to be determined as specified in the agreement to be no less than the share purchase price of US$ 125,000,000, the positive foreign exchange difference of TL 31,588 calculated as at 31 December 2017 having been recognised as income in the consolidated IFRS income statement and plus the income accrual of TL 15,095 calculated in proportion to the number of days to the end of period as at 31 December 2017 based on the minimum yearly dividend guarantee of US$ 3,750,000 stated in the agreement which has been classified under "Fair Value Reserve" recognised cumulatively in the equity in the consolidated IFRS statement of financial position of the Group as at 31 December 2017 and recognised as remeasurement gain under "Other Comprehensive Income" in the consolidated IFRS statement of comprehensive income of the Group for the period ended 31 December 2017.

Silopi Elektrik Üretim A.Ş. and Borsa İstanbul A.Ş. shares that are classified in the available-for-sale financial assets as at 31 December 2017, have started to be carried in the financial assets at fair value through profit or loss in accordance with transition to IFRS 9. The income accrual of TL 19,728 calculated in proportion to the number of days to the end of period as at 31 December 2017 based on the minimum yearly dividend guarantee of US$ 3,750,000 stated in the agreement which has been classified under "Other Income from Investment Activities" recognised cumulatively in the equity in the consolidated IFRS statement of financial position of the Group as at 31 December 2017 and recognised as remeasurement gain under "Profit or Loss" in the consolidated IFRS statement of comprehensive income of the Group for the period ended 31 December 2017.

43. OTHER ISSUES (continued)

Capital increase by conversion of receivables from subsidiaries founded in Malta on 27 February 2017

As a result of capital increases made on 27 February 2017, the capitals of subsidiaries of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. have been increased as follows: Dodo Maritime Ltd; from USD 12,000,000 to USD 14,000,000; Cano Maritime Ltd; from USD 11,000,000 to USD 12,500,000; Hako Maritime Ltd; from USD 9,000,000 to USD 9,800,000 and Zeyno Maritime from USD 8,000,000 to USD 9,500,000.

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 Board of Directors’ decision regarding buy back program by means of the resolution dated 29 May 2015 and to authorise the Board of Directors of GSD Holding A.Ş. to 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.

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.

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% (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.

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

43. OTHER ISSUES (continued)

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) between 30 June 2015 and 11 March 2019

	Buy/(Sales) Transactions				Accumulated Situation			Transaction Explanations			
The company holds GSD Holding A.Ş. share	**Transaction Cost**	**Carried Value**	**Nominal Value**	**Nominal %**	**Carried Value**	**Nominal Value**	**Nominal %**	**Type of Transacition**	**Transaction Market**	**Transaction Date**	**Effective Date**
Treasury shares											
GSD Holding A.Ş.	1,938	1,938	1,250	0.500%	1,938	1,250	0.500%	Buying	ISE	30.06.2015	02.07.2015
GSD Holding A.Ş.	552	552	477	0.191%	2,490	1,727	0.691%	Buying	ISE	02.10.2015	06.10.2015
GSD Holding A.Ş.	568	568	473	0.189%	3,058	2,200	0.880%	Buying	ISE	27.10.2015	02.11.2015
GSD Holding A.Ş.	1,019	1,019	800	0.320%	4,077	3,000	1.200%	Buying	ISE	10.11.2015	12.11.2015
GSD Holding A.Ş.	1,135	1,135	900	0.360%	5,212	3,900	1.560%	Buying	ISE	11.11.2015	13.11.2015
GSD Holding A.Ş.	1,241	1,241	1,000	0.400%	6,453	4,900	1.960%	Buying	ISE	12.11.2015	16.11.2015
GSD Holding A.Ş.	1,261	1,261	1,000	0.400%	7,714	5,900	2.360%	Buying	ISE	13.11.2015	17.11.2015
GSD Holding A.Ş.	1,267	1,267	1,000	0.400%	8,981	6,900	2.760%	Buying	ISE	16.11.2015	18.11.2015
GSD Holding A.Ş.	1,280	1,280	1,000	0.400%	10,261	7,900	3.160%	Buying	ISE	17.11.2015	19.11.2015
GSD Holding A.Ş.	1,547	1,547	1,300	0.520%	11,808	9,200	3.680%	Buying	ISE	18.11.2015	20.11.2015
GSD Holding A.Ş.	1,547	1,547	1,300	0.520%	13,355	10,500	4.200%	Buying	ISE	19.11.2015	23.11.2015
GSD Holding A.Ş.	1,560	1,560	1,300	0.520%	14,915	11,800	4.720%	Buying	ISE	20.11.2015	24.11.2015
GSD Holding A.Ş.	826	826	700	0.280%	15,741	12,500	5.000%	Buying	ISE	23.11.2015	25.11.2015
GSD Holding A.Ş.	1,118	1,118	1,000	0.400%	16,859	13,500	5.400%	Buying	ISE	24.11.2015	26.11.2015
GSD Holding A.Ş.	1,305	1,305	1,150	0.460%	18,164	14,650	5.860%	Buying	ISE	25.11.2015	27.11.2015
GSD Holding A.Ş.	1,150	1,150	1,000	0.400%	19,314	15,650	6.260%	Buying	ISE	26.11.2015	30.11.2015
GSD Holding A.Ş.	855	855	750	0.300%	20,169	16,400	6.560%	Buying	ISE	27.11.2015	01.12.2015
GSD Holding A.Ş.	684	684	600	0.240%	20,853	17,000	6.800%	Buying	ISE	03.12.2015	07.12.2015
GSD Holding A.Ş.	1,937	1,937	1,450	0.580%	22,790	18,450	7.380%	Buying	ISE	19.04.2016	21.04.2016
GSD Holding A.Ş.	1,244	1,244	950	0.380%	24,035	19,400	7.760%	Buying	ISE	21.04.2016	25.04.2016
GSD Holding A.Ş.	1,452	1,452	1,100	0.440%	25,487	20,500	8.200%	Buying	ISE	11.05.2016	13.05.2016
GSD Holding A.Ş.	1,848	1,848	1,400	0.560%	27,335	21,900	8.760%	Buying	ISE	12.05.2016	16.05.2016
GSD Holding A.Ş.	1,344	1,344	1,050	0.420%	28,679	22,950	9.180%	Buying	ISE	23.05.2016	25.05.2016
GSD Holding A.Ş.	1,334	1,334	1,050	0.420%	30,012	24,000	9.600%	Buying	ISE	24.05.2016	26.05.2016
GSD Holding A.Ş.	1,300	1,300	1,000	0.400%	31,312	25,000	10.000%	Buying	ISE	25.05.2016	27.05.2016
GSD Holding A.Ş.	7,396	7,396	7,500	3.000%	38,708	32,500	13.000%	Buying	ISE	26.07.2016	28.07.2016
GSD Holding A.Ş.	2,097	2,097	2,100	0.840%	40,805	34,600	13.840%	Buying	ISE	27.07.2016	29.07.2016
GSD Holding A.Ş.	400	400	400	0.160%	41,205	35,000	14.000%	Buying	ISE	28.07.2016	01.08.2016
GSD Holding A.Ş.	982	982	1,000	0.400%	42,187	36,000	14.400%	Buying	ISE	29.07.2016	02.08.2016
GSD Holding A.Ş.	599	599	600	0.240%	42,786	36,600	14.640%	Buying	ISE	01.08.2016	03.08.2016
GSD Holding A.Ş.	99	99	100	0.040%	42,885	36,700	14.680%	Buying	ISE	02.08.2016	04.08.2016
GSD Holding A.Ş.	198	198	200	0.080%	43,083	36,900	14.760%	Buying	ISE	04.08.2016	08.08.2016
GSD Holding A.Ş.	980	980	1,000	0.400%	44,063	37,900	15.160%	Buying	ISE	17.08.2016	19.08.2016
GSD Holding A.Ş.	833	833	850	0.340%	44,896	38,750	15.500%	Buying	ISE	18.08.2016	22.08.2016
GSD Holding A.Ş.	727	727	750	0.300%	45,623	39,500	15.800%	Buying	ISE	22.08.2016	24.08.2016
GSD Holding A.Ş.	485	485	500	0.200%	46,108	40,000	16.000%	Buying	ISE	24.08.2016	26.08.2016
GSD Holding A.Ş.	734	734	750	0.300%	46,842	40,750	16.300%	Buying	ISE	25.08.2016	29.08.2016
GSD Holding A.Ş.	392	392	400	0.160%	47,234	41,150	16.460%	Buying	ISE	26.08.2016	30.08.2016
GSD Holding A.Ş.	82	82	89	0.036%	47,316	41,239	16.496%	Buying	ISE	26.09.2016	28.09.2016
GSD Holding A.Ş.	246	246	261	0.104%	47,562	41,500	16.600%	Buying	ISE	27.09.2016	29.09.2016
GSD Holding A.Ş.	474	474	500	0.200%	48,036	42,000	16.800%	Buying	ISE	29.09.2016	03.10.2016
GSD Holding A.Ş.	470	470	500	0.200%	48,506	42,500	17.000%	Buying	ISE	30.09.2016	04.10.2016
GSD Holding A.Ş.	477	477	500	0.200%	48,983	43,000	17.200%	Buying	ISE	04.10.2016	06.10.2016
GSD Holding A.Ş.	245	245	250	0.100%	49,228	43,250	17.300%	Buying	ISE	10.10.2016	12.10.2016
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	29.11.2016	01.12.2016
GSD Holding A.Ş.	1,060	1,060	2,000	0.445%	52,529	84,000	18.667%	Buying	ISE	01.12.2016	05.12.2016
GSD Holding A.Ş.	530	530	1,000	0.222%	53,059	85,000	18.889%	Buying	ISE	06.12.2016	08.12.2016
GSD Holding A.Ş.	160	160	300	0.066%	53,219	85,300	18.956%	Buying	ISE	07.12.2016	09.12.2016
GSD Holding A.Ş.	3,199	3,199	4,700	1.044%	56,418	90,000	20.000%	Buying	ISE	14.12.2017	18.12.2017
Total	**56,418**	**56,418**	**90,000**	**20.00%**	**56,418**	**90,000**	**20.000%**				
Share capital-investment eliminations					**10,737**	**11,654**	**4.662%**				
GSD Denizcilik	(1,938)	(1,132)	(1,250)	(0.500%)	9,605	10,404	4.162%	Sales	ISE	30.06.2015	02.07.2015
GSD Denizcilik	(638)	(500)	(500)	(0.200%)	9,105	9,904	3.962%	Sales	ISE	10.11.2015	12.11.2015
GSD Denizcilik	(756)	(622)	(600)	(0.240%)	8,483	9,304	3.722%	Sales	ISE	11.11.2015	13.11.2015
GSD Denizcilik	(992)	(874)	(800)	(0.320%)	7,609	8,504	3.402%	Sales	ISE	12.11.2015	16.11.2015
GSD Denizcilik	(756)	(594)	(600)	(0.240%)	7,015	7,904	3.162%	Sales	ISE	13.11.2015	17.11.2015
GSD Denizcilik	(1,937)	(1,578)	(1,454)	(0.582%)	5,437	6,450	2.580%	Sales	ISE	19.04.2016	21.04.2016
GSD Denizcilik	(1,244)	(1,031)	(950)	(0.380%)	4,406	5,500	2.200%	Sales	ISE	21.04.2016	25.04.2016
GSD Denizcilik	(1,452)	(1,194)	(1,100)	(0.440%)	3,212	4,400	1.760%	Sales	ISE	11.05.2016	13.05.2016
GSD Denizcilik	(1,848)	(1,519)	(1,400)	(0.560%)	1,693	3,000	1.200%	Sales	ISE	12.05.2016	16.05.2016
GSD Denizcilik	(1,344)	(1,140)	(1,050)	(0.420%)	553	1,950	0.780%	Sales	ISE	23.05.2016	25.05.2016
GSD Denizcilik	(1,206)	(1,031)	(950)	(0.380%)	(478)	1,000	0.400%	Sales	ISE	24.05.2016	26.05.2016
GSD Denizcilik	(1,300)	(1,085)	(1,000)	(0.400%)	(1,563)	-	-	Sales	ISE	25.05.2016	27.05.2016
GSD Denizcilik	-	1,563	-	-	1,563	-	-	Cons. Adj.		-	-
Total	**(15,411)**	**(10,737)**	**(11,654)**	**(4.662%)**	**-**	**-**	**-**				
Total	**41,007**	**45,681**	**78,346**	**17.410%**	**56,418**	**90,000**	**20.00%**				

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

43. OTHER ISSUES (continued)

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) between 30 June 2015 and 11 March 2019 (continued)

In the repurchase of shares process which is started on 26 June 2016 and still continuous, the proportion of repurchase share until report date of 11 March 2019 and the Company's share capital registered on 30 November 2016 amounting TL 450,000,000 is 20%. There is none nominal value of shares can be repurchase.

	Buy/(Sales) Transactions				Accumulated Situation			Transaction Explanations			
The company holds GSD Holding A.Ş. share	**Transaction Cost**	**Carried Value**	**Nominal Value**	**Nominal %**	**Carried Value**	**Nominal Value**	**Nominal %**	**Type of Transacition**	**Transaction Market**	**Transaction Date**	**:tive**
Recalled shares					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	1000	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	41,2390	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.	1,06	1,06	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
Total	**56,418**	**56,418**	**90,000**	**20,00%**	**56,418**	**90,000**	**20.000%**				

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

43. OTHER ISSUES (continued)

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) between 30 June 2015 and 11 March 2019 (continued)

	Buy/(Sales) Transactions				Accumulated Situation			Transaction Explanations			
The company holds GSD Denizcilik share	**Transaction Cost**	**Carried Value**	**Nominal Value**	**Nominal %**	**Carried Value**	**Nominal Value**	**Nominal %**	**Type of Transacition**	**Transaction Market**	**Transaction Date**	**Effective Date**
Recalled shares											
GSD Denizcilik	313	313	360	0.690%	313	360	0,690%	Buying	ISE	26.07.16	26.07.16
GSD Denizcilik	752	752	820	1.572%	1,065	1,180	2,262%	Buying	ISE	27.07.16	27.07.16
GSD Denizcilik	612	612	675	1.294%	1,677	1,855	3,556%	Buying	ISE	28.07.16	28.07.16
GSD Denizcilik	334	334	360	0.690%	2,011	2,215	4,246%	Buying	ISE	29.07.16	29.07.16
GSD Denizcilik	97	97	100	0.192%	2,108	2,315	4,438%	Buying	ISE	01.08.16	01.08.16
GSD Denizcilik	69	69	70	0.134%	2,177	2,385	4,572%	Buying	ISE	02.08.16	02.08.16
GSD Denizcilik	99	99	100	0.192%	2,276	2,485	4,764%	Buying	ISE	03.08.16	03.08.16
GSD Denizcilik	30	30	30	0.058%	2,306	2,515	4,822%	Buying	ISE	05.08.16	05.08.16
GSD Denizcilik	55	55	56	0.106%	2,361	2,571	4,928%	Buying	ISE	24.08.16	26.08.16
GSD Denizcilik	10	10	10	0.020%	2,371	2,581	4,948%	Buying	ISE	26.09.16	28.09.16
GSD Denizcilik	18	18	19	0.036%	2,389	2,600	4,984%	Buying	ISE	27.09.16	29.09.16
GSD Denizcilik	138	138	140	0.268%	2,527	2,740	5,252%	Buying	ISE	29.09.16	03.10.16
GSD Denizcilik	74	74	75	0.144%	2,601	2,815	5,396%	Buying	ISE	04.10.16	06.10.16
GSD Denizcilik	68	68	66	0.126%	2,669	2,881	5,522%	Buying	ISE	05.10.18	09.10.18
GSD Denizcilik	11	11	11	0.021%	2,680	2,892	5,543%	Buying	ISE	11.10.18	15.10.18
GSD Denizcilik	59	59	57	0.108%	2,739	2,949	5,651%	Buying	ISE	23.10.18	25.10.18
GSD Denizcilik	18	18	17	0.033%	2,757	2,966	5,684%	Buying	ISE	26.10.18	30.10.18
GSD Denizcilik	47	47	45	0.086%	2,804	3,011	5,770%	Buying	ISE	30.10.18	01.11.18
GSD Denizcilik	49	49	47	0.090%	2,853	3,058	5,860%	Buying	ISE	01.11.18	03.11.18
GSD Denizcilik	10	10	10	0.019%	2,863	3,068	5,879%	Buying	ISE	05.11.18	07.11.18
GSD Denizcilik	93	93	89	0.171%	2,956	3,157	6,050%	Buying	ISE	06.11.18	08.11.18
GSD Denizcilik	67	67	64	0.123%	3,023	3,221	6,174%	Buying	ISE	09.11.18	11.11.18
GSD Denizcilik	135	135	128	0.246%	3,158	3,349	6,419%	Buying	ISE	12.11.18	14.11.18
GSD Denizcilik	63	63	60	0.115%	3,221	3,409	6,534%	Buying	ISE	13.11.18	15.11.18
GSD Denizcilik	2	2	2	0.003%	3,223	3,411	6,537%	Buying	ISE	14.11.18	16.11.18
Total	**3,223**	**3.223**	**3.411**	**6.537%**	**3,223**	**3,411**	**6,537%**				

Within the scope of SPK announcements dated 21.07.2016 and 25.07.2016 GSD Denizcilik Gayr. İnş. San. ve Tic. A.Ş. Board of Directors pursuant to the decision to dated 26 July 2016, between 26 July 2016 and 11 March 2019, in Borsa İstanbul Main Market, with a nominal value of TL 3,411,059 in total the rate of share which is 6,357% C Group GSD Denizcilik Gayr. İnş. San. ve Tic. A.Ş. repurchase from the price range of TL 0.84-TL 1.05 per share with a nominal value of TL 1 and total TL 3,222,647.20, with the same day value, paid by GSD Denizcilik Gayr. İnş. San. ve Tic. A.Ş..The shares taken back by GSD Denizcilik Gayrimenkul İnş. San. ve Tic. A.Ş. are deducted from the capital,GSD Holding's share in GSD Denizcilik increased from 77.958% to 83.411%. As GSD Denizcilik owns 1.98% of GSD Faktoring A.Ş.'s share capital, as a result of these transactions,indirect shareholding rate of GSD Holding A.Ş. in GSD Faktoring A.Ş. increased by 0.11% and the total direct and indirect share increased from 89.55% to 89.66%. GSD Holding A.Ş.'s direct and indirect total share in GSD Faktoring A.Ş.'s capital is 89.66%.

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

Direct share ratio total of Mehmet Turgut Yılmaz on GSD Holding A.Ş. is 25.50%, total ratio of direct and indirect shares is 28.14%, which with the calculation of the capital with the deduction of repurchased shares 35.18%, regarding the shares of GSD Holding A.Ş., 25.50% of Mehmet Turgut Yılmaz, 4.50% of MTY Delta Denizcilik İç ve Dış Ticaret A.Ş., 20.00% of GSD Holding A.Ş. and 0.14% Adeo Turizm Otelcilik Limited Şirketi, which in total adds up to 50.14%, act in unison.

As at 31 December 2018 according to the Communique on Prospectus and Issue Document (II-15.1), the total share of Mehmet Turgut Yılmaz and people acting together is 50,14% and the total share is 37.67% with calculation deducted from capital.

43. OTHER ISSUES (continued)

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

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

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

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.

At the Board of Directors meeting of GSD Holding A.Ş. dated 24 September 2018, 100% of the existing capital of the subsidiary GSD Shipping B.V. amounting to USD 30 million to USD 40 million with cash increase of USD 10 million and it has been decided to increase the registered capital ceiling of GSD Shipping B.V. from USD 40 million to USD 50 million and as at 1 November 2018, all of the increased capital was covered by GSD Holding A.Ş..

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 being able to carry 63,000 DWT so as to commit delivery in the midst of 2018. Subsidiary of GSD Holding are established in Holland with 100% capital share, GSD Shipping B.V.'s a wholly owned subsidiary, of established has been completed the purchase of a dry cargo vessel by Mila Maritime Ltd. and the vessel was delivered on 24 May 2018. Mila Maritime Limited owns its dry Cargo vessel M/V Mila starting from 25 May 2018, has leased it with its vessel charter.

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

43. OTHER ISSUES (continued)

Liquidated Subsidiaries

In the General Assembly meeting decisions dated 03 March 2017 of the subsidiaries of GSD Holding A.Ş., In liquidation GSD Gayrimenkul Yatırım ve Geliştirme A.Ş., which is owned by 100% share with a share capital of TL 90 , In liquidation GSD Plan Proje Etüd A.Ş., which is owned by 100% share with a share capital of TL 90 and In liquidation GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., which is owned by 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. were 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 Marin has been sold to GSD Shipping B.V. established on 19 October 2016 domiciled in the Netherlands with a price of USD 5.883.290,06. Price has been determined according to valuation report.

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

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

44. CASH FLOWS

The Group's cash and cash equivalents at 31 December 2018 are classified under continuing operations at the consolidated statement of financial position at 31 December 2017.

Cash and cash equivalents in the statement of cash flows:

Continuing operations	31 December 2018	31 December 2017
Cash on hand and balances with the Central Bank	5,441	5,471
Banks and financial institutions	236,459	111,848
Receivables from money market	5,003	-
Reserve requirements	2,594	9,872
Cash and cash equivalents in the statement of financial position	**249,497**	**127,191**
Less: Required reserve	(2,594)	(9,872)
Less: Accured interest	(364)	(50)
Less: Blocked amount	(1,316)	(1,887)
Cash and cash equivalents in the statement of cash flows	**245,223**	**115,382**

45. DISCLOSURES REGARDING STATEMENT OF CHANGES IN EQUITY

The Group has transferred "Remeasurement Profit / Loss of Defined Benefit Plans" amounting to TL 66 in shareholders' equity dated 31 December 2017 as at 1 January 2018 to "Retained Earnings" in shareholders' equity.

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

46. CONVENIENCE CONVERSİON OF FINANCIALS

The US Dollar ("USD") amounts shown in the statement of financial position and statement of profit or loss and other comprehensive income on the following pages have been included solely for the convenience of the reader. For the current period's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 5.2609 TL/USD prevailing on 31 December 2018. For the prior year's financial statements, USD amounts are translated from TL financial statements using the official TL exchange rate of 3.7719 TL/USD prevailing on 31 December 2017. Such translation should not be construed as a representation that the TL amounts have been converted into USD pursuant to the requirements of IFRSs or Generally Accepted Accounting Principles in the United States of America or in any other country.

Consolidated Statement of Financial Position
As at 31 December 2018

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

	31 December 2018	31 December 2017
Assets		
Cash and balances with the Central Bank	1,034	1,450
Deposits with other banks and financial institutions	44,946	29,653
Receivables from money market	951	-
Reserve deposits at the Central Bank	493	2,617
Financial assets– fair value through profit/loss	137,209	-
Available-for-sale investment securities	-	132,553
Unquoted equity instruments	72	100
Loans and advances to customers, net	39,984	51,345
Factoring receivables, net	20,103	91,621
Finance lease receivables, net	5	6
Trade receivables, net	1,199	831
Other receivables, net	2,435	713
Inventories	715	257
Prepaid expenses	348	329
Assets held for sale from continuing operations	14	14,217
Property and equipment	111,449	98,148
Intangible assets	77	69
Prepaid income tax	568	5
Deferred tax assets	441	594
Other assets	340	366
Total assets	**362,383**	**424,874**
Liabilities		
Funds borrowed	81,847	136,700
Other money market deposits	3,519	16,107
Borrowers' funds	14,662	12,008
Factoring payables	272	480
Liabilities arising from finance leases	11	25
Derivative liabilities held for trading	-	416
Trade payables	46	211
Other payables	2,817	1,001
Current tax liability	825	476
Deferred income	587	236
Provisions	1,336	1,311
Deferred tax liabilities	4,188	3,645
Other liabilities	4	3
Total liabilities	**110,114**	**172,619**
Equity		
Share capital	101,882	142,100
Treasury shares	(17,301)	(24,131)
Share premium	940	1,311
Changes in non-controlling interests without loss of control	(73)	(204)
Remeasurements of the net defined benefit liability (asset)	(11)	(17)
Fair value reserve	-	5,928
Translation reserve	31,778	18,417
Retained earnings	74,195	88,292
Net profit for the period	55,730	15,053
Equity attributable to equity holders of the parent	**247,140**	**246,749**
Non-controlling interests	**5,129**	**5,506**
Total equity	**252,269**	**252,255**
Total liabilities and equity	**362,383**	**424,874**

Consolidated Income Statement
For the Year Ended 31 December 2018

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

CONTINUING OPERATIONS	01.01.2018 31.12.2018	01.01.2017 31.12.2017
Holding activities income	-	-
Holding activities expense (-)	-	-
Gross profit/(loss) from holding activities	**-**	**-**
Marine sector income	19,818	15,754
Marine sector expense (-)	(14,255)	(13,779)
Gross profit/(loss) from marine sector operations	**5,563**	**1,975**
Gross profit/(loss) from commercial sector operations	**5,563**	**1,975**
Interest income	22,370	25,466
Service income	3,462	2,540
Revenue from financial sector operations	**25,832**	**28,006**
Interest expense (-)	(7,080)	(9,392)
Service expense (-)	(270)	(248)
Cost of financial sector operations (-)	**(7,350)**	**(9,640)**
Provision income/(expense) arising from financial sector operations, net	**(585)**	**317**
Foreign exchange gain/(loss), net	**1,979**	**(207)**
Trading income, net	**56**	**-**
Other financial sector operations income/(expense), net	**263**	**116**
Gross profit/(loss) from financial sector operations	**20,195**	**18,592**
GROSS PROFIT/(LOSS)	**25,758**	**20,567**
Administrative expenses (-)	(8,022)	(8,412)
Other income from operating activities	10,523	4,753
Other expense from operating activities (-)	(5,004)	(2,780)
OPERATING PROFIT/(LOSS)	**23,255**	**14,128**
Income from investment activities	51,067	8,791
Expense from investment activities (-)	-	(102)
OPERATING PROFIT/(LOSS) BEFORE FINANCING EXPENSES	**74,322**	**22,817**
Financing income	-	-
Financing expenses (-)	(7,719)	(5,178)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**66,603**	**17,639**
Tax income/(expense) from continuing operations	**(9,545)**	**(3,045)**
Current tax income/(expense)	(6,247)	(2,593)
Deferred tax income/(expense)	(3,298)	(452)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**57,058**	**14,594**
Discontinued operations		
Profit/(loss) before tax from discontinued operations	**-**	**-**
Tax income/(expense) from discontinued operations	**-**	**-**
Current tax income/(expense)	-	-
Deferred tax income/(expense)	-	-
Gain or loss relating to the discontinuance, net	**-**	**-**
Gain or loss relating to the discontinuance	-	-
Cost to sell the discontinued operations	-	-
Tax expense relating to the discontinuance	-	-
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**
NET PROFIT/(LOSS)	**57,058**	**14,594**
Net profit/(loss) (continuing and discontinued operations) attributable to:		
Non-controlling interest	1,328	(458)
Equity holders of the company	55,730	15,052
Net profit/(loss) (continuing operations) attributable to:		
Non-controlling interest	1,328	(460)
Equity holders of the company	55,730	15,052
Net profit/(loss) (discontinued operations) attributable to:		
Non-controlling interest	-	-
Equity holders of the company	-	-
Earnings per share (in full TL per share with a nominal value of full TL 1)		
Earnings per share from continuing operations	0.814	0.156
Earnings per share from discontinued operations	0.000	0.000

Consolidated Statement Of Profit Or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

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

	01.01.2018 31.12.2018	01.01.2017 31.12.2017
NET PERIOD PROFIT / (LOSS)	**57,058**	**14,594**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income which will be not reclassified in profit or loss	**(12)**	**(20)**
Remeasurements of the net defined benefit liability (asset)	(12)	(20)
Other comprehensive income which will be reclassified in profit or loss	**18,529**	**6,909**
Change in currency translation differences	18,529	3,571
Profit/(loss) arising from remeasuring and/or reclassifying available for sale financial assets	-	3,338
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**18,517**	**6,889**
TOTAL COMPREHENSIVE INCOME	**75,575**	**21,483**
Total comprehensive income attributable to:		
Non-controlling interest	**1,434**	**70**
Equity holders of the company	**74,139**	**21,411**