Global Yatirim Holding Anonim Şirketi and its Subsidiaries

Convenience Translation into English of Consolidated Financial Statements As At and For the Year Ended 31 December 2019 Together With Independent Auditor's Report
(Originally issued in Turkish)

10 March 2020
This report includes 8 pages of independent auditor's report and 156 pages of consolidated financial statements and their explanatory notes.

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Global Yatırım Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Yatırım Holding Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Goodwill and Port Operation Rights

Refer to Note 2.4 and Note 18 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of goodwill and port operation rights.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2019, the Group has recognised goodwill in the amount of TL 98.944.709 (31 December 2018: TL 89.785.343) and port operation rights in the amount of TL 2.516.660.847 (31 December 2018: TL 2.056.421.028). The amount of goodwill and port operation rights constitutes 37% of the Group's total assets (31 December 2018: 38%). The goodwill has been recognised for Ege Liman İşletmeleri A.Ş., a cruise port in Turkey which is only cash-generating unit ("CGU"). The Group management carries out impairment testing for goodwill on an annual basis and port operation rights with finite live (port concession period) in case there are indicators of impairment. The recoverable amount of the CGU and port operation rights, which are based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future passenger numbers, calls, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: - We involved our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the cash generating units (CGUs) operate; - We evaluated the appropriateness of the assumptions applied to key inputs such as ship calls, passenger numbers, prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; - We performed our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the goodwill and port operation rights;

The impairment testing of goodwill and port operation rights are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.	- We evaluated the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Determination of fair value of investment properties

Refer to Note 2.4 and Note 15 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for determination of fair value of investment properties.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2019, the Group's investment property amount is TL 510.920.000 (31 December 2018: TL 473.395.000). The amount of investment properties constitutes 7% of the Group's total assets (31 December 2018: 8%) Investment properties of the Group consist of shopping malls operating in Denizli and Van ("Sümerpark AVM" and "Van AVM"), school building and hospital land located in Denizli and the land located in Bodrum. The Group measures its investment properties at fair value and the fair value of investment properties has been determined by independent real estate valuation company. As of 31 December 2019, TL 295.000 impairment is recognized for Sümerpark AVM (31 December 2018: TL 3.182.100 impairment) and TL 35.755.000 fair value increase (31 December 2018: TL 335.353 impairment) related to Van AVM as a result of the value determined by the independent real estate valuation company. We identified the determination of fair value of investment properties as a key audit matter due to the fact that the investment properties constitute significant part of the Group's total assets and the valuation methods include significant estimates and assumptions.	Our audit procedures in this area included, among others: - Evaluating the competence capabilities and objectivity of the real estate valuation expert appointed by the management; - By the help our valuation specialist, evaluation of the appropriateness of the valuation methods used in the valuation reports of the investment properties and the appropriateness of the significant assumptions used, such as the discount rate, the rate of increase in rent and the occupancy rate; - Reconciliation of the amount determined in the appraisal reports for the relevant investment properties with the amounts disclosed in Note 15; - Evaluation of the adequacy of inputs such as rental income, duration of lease agreements and occupancy rates; - Evaluation of sensitivity analyses for the basic assumptions used in the valuation reports; and - Assessing of adequacy of other informations in the consolidated financial statements and disclosures.

Initial application of the new TFRS 16 – Leases accounting standard

Refer to Note 2.2.1 and Note 2.3 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for the initial application of the new TFRS 16.

The Key Audit Matter	How the matter was addressed in our audit
The Group applied TFRS 16, effective as of 1 January 2019 and the following reporting periods, using the modified retrospective approach. Accordingly, the Group has not restated its comparative information. The Group is a party to various lease contracts, including leases for port operating concession agreements, real estate properties, production equipment and information technology ("IT") equipment. As at 31 December 2019, the Group has recognised right-of-use ("ROU") assets of TL 502.462.895 and lease liabilities of TL 392.983.021 for the aforementioned lease contracts. As of 31 December 2019, the amount of ROU assets constitutes 7% of the Group's total assets (31 December 2018: Nil). It requires significant management judgment to assess the lease term and to determine the components of the asset, lease payments and appropriate discount rates in order to measure the right of use and lease obligation. Since the initial application of TFRS 16 is significant for the Group's consolidated financial statements, transition disclosures related to initial application have been a focus area during our audit procedures. Since the lease contracts can be complex, it will require significant judgment by the relevant managements when determining the accounting basis specific to each situation. Therefore "First implementation of IFRS 16" is determined as as a key audit matter.	Our audit procedures performed related to this matter are listed: - We inspected the lease contracts between the Group and the lessors and evaluated whether the leases were appropriately identified within the scope of TFRS 16. - We evaluated the appropriateness of the process to identify the lease contracts or contracts involving lease components through inquiries with the management. - We examine a sample of contracts to agree whether underlying asset is low value and leases with a term of less than 12 months determined by the Group, - We controlled the calculation of present value of the future fixed payment rentals and guaranteed minimum payments rentals within the scope of TFRS 16. - According to the rent contracts selected through sampling, rent increase rates were evaluated and compared with the payment plan used in the calculation. - We evaluated the appropriateness of the discount rates for lease contracts based on their maturities and currencies.

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	- We obtained relevant calculations which provides basis for determination of the Group's ROU assets and lease liabilities. For each sample of leases, we controlled the inputs used in the quantification to the lease agreements, evaluated the appropriateness of the discount rate applied, and performed re-calculation checks. - We evaluated the adequacy of the consolidated financial statement disclosures in accordance with TFRS 16. - We attended a number of trainings for TFRS 16 and reviewed relevant international publications associated with the impact of TFRS 16 to assist us in benchmarking the Group's approach to adopting TFRS 16. - Assessing of adequacy of initial application and effect of transition of TFRS 16 in the consolidated financial statements and disclosures.

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 TFRS, 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.

Auditor's 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 auditor's 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA 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 the standards on auditing issued by the CMB and Standards on Auditing issued by POA, 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 auditor's 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 auditor's 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 to 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 auditor's 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.

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B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 10 March 2020.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2019 and 31 December 2019, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Ruşen Fikret Selamet, SMMM
Partner
10 March 2020
İstanbul, Türkiye

Global Yatırım Holding A.Ş. and its Subsidiaries
Consolidated Statement of Financial Position as at 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

GLOBAL YATIRIM HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 31 December 2019	Audited 31 December 2018
ASSETS			
Current assets		**1.350.450.647**	**1.104.203.711**
Cash and cash equivalents	7	474.710.252	496.942.269
Financial investments	8	8.504.024	4.081.903
Trade receivables		229.297.974	143.598.112
- Due from third parties	*10*	*229.297.974*	*143.598.112*
Other receivables		145.991.093	92.597.520
- Due from related parties	*6*	*81.558.783*	*47.297.264*
- Due from third parties	*11*	*64.432.310*	*45.300.256*
Receivables from operations in finance sector		233.625.016	130.289.640
- Due from related parties	*6*	*4.300.734*	*1.632.427*
- Due from third parties	*12*	*229.324.282*	*128.657.213*
Inventories	13	85.375.506	93.436.870
Prepaid expenses	14	101.100.145	80.405.863
Current tax assets	32	16.786.613	9.379.558
Other current assets	23	54.197.273	52.609.225
Subtotal		*1.349.587.896*	*1.103.340.960*
Non-current assets or disposal groups classified as held for sale	36	862.751	862.751
Non-current assets		**5.705.981.735**	**4.543.788.523**
Other receivables		65.452.441	56.479.905
- Due from related parties	*6*	*52.435.460*	*43.421.466*
- Due from third parties		*13.016.981*	*13.058.439*
Financial investments	8	8.172.568	68.589.210
Investments accounted for using equity method	19	188.296.426	150.774.125
Investment property	15	510.920.000	473.395.000
Property, plant and equipment	16	1.457.923.353	1.284.995.853
Right of use assets	17	502.462.895	-
Intangible assets and goodwill		2.786.113.909	2.331.172.127
- Goodwill	*18*	*98.944.709*	*89.785.343*
- Other intangible assets	*18*	*2.687.169.200*	*2.241.386.784*
Prepaid expenses	14	38.690.176	34.663.436
Deferred tax asset	32	131.264.565	127.171.309
Other non-current assets	23	16.685.402	16.547.558
TOTAL ASSETS		**7.056.432.382**	**5.647.992.234**

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

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2019

(Currency: Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

	Notes	Audited 31 December 2019	Audited 31 December 2018
LIABILITIES			
Current liabilities		**1.579.020.677**	**1.203.373.382**
Current borrowings	9	304.449.590	180.149.679
Current portion of non-current borrowings	9	737.091.772	547.919.649
Trade payables		155.321.001	132.191.519
- Due to third parties	*10*	*155.321.001*	*132.191.519*
Payables related to employee benefits	22	10.199.359	10.880.115
Other payables		84.021.171	84.313.526
- Due to related parties	*6*	*13.476.873*	*31.609.401*
- Due to third parties	*11*	*70.544.298*	*52.704.125*
Payables on financial sector operations		212.018.523	110.767.894
- Due to third parties	*12*	*212.018.523*	*110.767.894*
Deferred income	14	12.516.981	8.740.776
Current tax liabilities	32	17.714.133	13.038.761
Current provisions		21.964.689	14.399.322
- Current provisions for employee benefits	*22*	*6.063.064*	*4.545.173*
- Other current provisions	*20*	*15.901.625*	*9.854.149*
Other current liabilities	23	23.723.458	100.972.141
Subtotal		*1.579.020.677*	*1.203.373.382*
Non-current liabilities		**3.959.455.005**	**2.768.736.603**
Non-current borrowings	9	3.266.985.412	2.169.937.684
Other payables		10.531.966	21.980.512
- Due to third parties		*10.531.966*	*21.980.512*
Liabilites due to investments accounted for using equity method	19	657.739	650.132
Deferred income		6.261.221	1.507.000
Derivative financial instruments		2.879.070	3.247.536
Non-current provisions		122.503.329	57.066.501
- Non-current provisions for employee benefits	*22*	*14.374.643*	*10.296.326*
- Other non-current provisions	*20*	*108.128.686*	*46.770.175*
Deferred tax liabilities	32	549.636.268	514.347.238
EQUITY		**1.517.956.700**	**1.675.882.249**
Equity attributable to equity holders of the Group		**973.157.167**	**951.904.088**
Paid-in capital	24	325.888.410	325.888.410
Adjustments to share capital	24	34.659.630	34.659.630
Treasury shares owned by the company (-)	24	(137.398.773)	(115.476.802)
Share premium (discount)	24	242.629.340	204.351.140
Other comprehensive income that will not be reclassified in profit or loss		2.944.643	(73.647.082)
- Other gains / (losses)	24	*6.510.528*	*(70.835.927)*
- Losses on remeasurements of defined benefit plans	24	*(3.565.885)*	*(2.811.155)*
Other comprehensive income that will be reclassified in profit or loss		418.238.966	439.449.504
- Currency translation differences	24	*974.306.010*	*856.335.598*
- Hedging reserve	24	*(556.067.044)*	*(416.886.094)*
Restricted reserves appropriated from profits	24	144.105.529	118.703.224
Prior years' profits	24	73.056.391	107.840.389
Loss for the period	24	(130.966.969)	(89.864.325)
Non-controlling interests		**544.799.533**	**723.978.161**
TOTAL EQUITY AND LIABILITIES		**7.056.432.382**	**5.647.992.234**

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

Global Yatırım Holding A.Ş. and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
PROFIT OR LOSS			
Revenue	25	1.387.448.668	1.080.038.879
Cost of revenues (-)	25	(998.709.339)	(744.134.554)
Gross profit from trade operations		**388.739.329**	**335.904.325**
Revenues from finance operations	25	53.525.627	48.400.613
Cost of revenues from finance operations (-)	25	(5.175.043)	(4.743.532)
Gross profit from operations in finance sector		**48.350.584**	**43.657.081**
GROSS PROFIT		**437.089.913**	**379.561.406**
Marketing expenses (-)	26	(82.587.247)	(63.052.576)
General administrative expenses (-)	26	(213.718.279)	(192.525.120)
Other income from operating activities		89.528.396	123.558.636
Other expense from operating activities (-)		(87.838.159)	(68.187.310)
OPERATING PROFIT		**142.474.624**	**179.355.036**
Income from investing activities		47.490.068	5.276.817
Expense from investing activities (-)		(366.851)	(4.070.575)
Share of profit/(loss) of equity accounted investees	19	29.780.093	27.598.541
Impairment loss and reversal of impairment losses determined in accordance with TFRS 9	10	(6.304.997)	(3.734.085)
PROFIT/(LOSS) BEFORE FINANCE INCOME/(COSTS)		**213.072.937**	**204.425.734**
Finance income	30	80.137.833	93.888.612
Finance costs (-)	31	(427.620.223)	(384.471.654)
LOSS BEFORE TAX		**(134.409.453)**	**(86.157.308)**
Tax income/(expense)		**(23.266.991)**	**22.195.049**
- Current tax income/(expense)	*32*	(45.306.686)	(38.626.760)
- Deferred tax income /(expense)	*32*	22.039.695	60.821.809
LOSS FROM CONTINUING OPERATIONS		**(157.676.444)**	**(63.962.259)**
LOSS FOR THE PERIOD		**(157.676.444)**	**(63.962.259)**
Loss for the period attributable to		**(157.676.444)**	**(63.962.259)**
-Non controlling interests		(26.709.475)	25.902.066
-Owners of the company	33	(130.966.969)	(89.864.325)
Loss per share from continuing operations	33	**(0,5356)**	**(0,3611)**
Diluted loss per share from continuing operations	33	**(0,5356)**	**(0,3611)**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items not to be reclassified to profit or loss		**(754.730)**	**(217.304)**
Losses on remeasurements of defined benefit plans		(754.730)	(217.304)
Items to be reclassified to profit or loss		**(4.569.691)**	**367.359.037**
Currnecy translation differences		80.767.762	530.108.597
Other components of other comprehensive income to be reclassified to other profit or loss	24	(85.337.453)	(162.749.560)
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**(5.324.421)**	**367.141.733**
TOTAL COMPREHENSIVE EXPENSE		**(163.000.865)**	**303.179.474**
Total comprehensive income/(expense) attributable to		**(163.000.865)**	**303.179.474**
Non-controlling interests		(11.613.732)	164.809.723
Owners of the Company		(151.387.133)	138.369.751

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

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

					Other accumulated comprehensive income/expense not to be reclassified to profit or loss		Other accumulated comprehensive income/expense to be reclassified to profit or loss			Retained earnings				
	Paid-in capital	Adjustments to share capital	Treasury shares owned by the Company	Share premiums or discounts	Gains (Losses) on remeasurements of defined benefit plans	Other reserves of other gains (losses)	Hedging reserve	Currency translation differences	Restricted reserves appropriated from profits	Profit / (Loss) for the period	Prior years' profits or losses	Equity attributable to the owners of the company	Non-controlling interest	Total
Balance at 1 January 2018	**325.888.410**	**34.659.630**	**(40.974.259)**	**204.351.140**	**(2.593.851)**	**14.497.128**	**(285.393.095)**	**513.285.903**	**69.027.309**	**(329.154.218)**	**483.087.996**	**986.682.093**	**608.113.398**	**1.594.795.491**
Changes in Accounting Policy - TFRS 9	-	-	-	-	-	-	-	-	-	-	(1.533.569)	**(1.533.569)**	-	**(1.533.569)**
Total comprehensive income														
Other comprehensive income/(expense)	-	-	-	-	(217.304)	-	(162.749.560)	391.200.940	-	-	-	**228.234.076**	138.907.657	**367.141.733**
Increase (decrease) due to treasury share transactions	-	-	(74.502.543)	-	-	-	-	-	74.502.543	-	(74.502.543)	**(74.502.543)**	-	**(74.502.543)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(89.864.325)	-	**(89.864.325)**	25.902.066	**(63.962.259)**
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	(3.024.700)	31.256.561	(48.151.245)	(123.859)	-	5.239.954	**(14.803.289)**	44.912.013	**30.108.724**
Others	-	-	-	-	-	(82.308.355)	-	-	-	-	-	**(82.308.355)**	-	**(82.308.355)**
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	**-**	(93.856.973)	**(93.856.973)**
Transfers	-	-	-	-	-	-	-	-	(24.702.769)	329.154.218	(304.451.449)	**-**	-	**-**
Balance at 31 December 2018	**325.888.410**	**34.659.630**	**(115.476.802)**	**204.351.140**	**(2.811.155)**	**(70.835.927)**	**(416.886.094)**	**856.335.598**	**118.703.224**	**(89.864.325)**	**107.840.389**	**951.904.088**	**723.978.161**	**1.675.882.249**
Balance at 1 January 2019	**325.888.410**	**34.659.630**	**(115.476.802)**	**204.351.140**	**(2.811.155)**	**(70.835.927)**	**(416.886.094)**	**856.335.598**	**118.703.224**	**(89.864.325)**	**107.840.389**	**951.904.088**	**723.978.161**	**1.675.882.249**
Other comprehensive income/(expense)	-	-	-	-	(754.730)	-	(85.337.453)	65.672.019	-	-	-	**(20.420.164)**	15.095.743	**(5.324.421)**
Increase (decrease) due to treasury share transactions	-	-	(21.921.971)	38.278.200	-	-	-	-	21.921.971	-	(21.921.971)	**16.356.229**	-	**16.356.229**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(130.966.969)	-	**(130.966.969)**	(26.709.475)	**(157.676.444)**
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	-	-	-	8.684.077	**8.684.077**	2.341.467	**11.025.544**
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(100.875.118)	**(100.875.118)**
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	-	(53.843.497)	52.298.393	(398.806)	-	64.999.812	**63.055.902**	(69.031.245)	**(5.975.343)**
Others	-	-	-	-	-	77.346.455	-	-	3.879.140	-	-	**81.225.595**	-	**81.225.595**
Transfers	-	-	-	-	-	-	-	-	-	89.864.325	(86.545.916)	**3.318.409**	-	**3.318.409**
Balance at 31 December 2019	**325.888.410**	**34.659.630**	**(137.398.773)**	**242.629.340**	**(3.565.885)**	**6.510.528**	**(556.067.044)**	**974.306.010**	**144.105.529**	**(130.966.969)**	**73.056.391**	**973.157.167**	**544.799.533**	**1.517.956.700**

The detailed explanations related to equity items and transactions are presented in Note 24.

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

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
Profit (Loss)		**(157.676.444)**	**(63.962.259)**
Loss from Continuing Operations		(157.676.444)	(63.962.259)
Adjustments for depreciation and amortisation expense	27	370.186.273	290.458.006
Adjustments for / (Reversal of) provisions related with employee benefits	22	4.310.973	3.996.249
Adjustments for losses (gains) on disposal of subsidiaries or joint operations		(36.519.418)	-
Adjustments for / (Reversal of) other provisions		1.260.370	(64.938.633)
Adjustments for undistributed profits of investments accounted for using equity method	19	(29.780.093)	(27.598.541)
Adjustments for interest income		(51.430.224)	(36.303.227)
Adjustments for interest expense		279.636.704	213.583.293
Adjustments for fair value (gains) / losses on derivative financial instruments		(703.887)	-
Adjustments for tax (income) / expenses		23.266.991	(22.195.049)
Adjustments for unrealised foreign exchange losses / (gains)		84.678.898	179.307.102
Adjustments for losses / (gains) on disposal of property, plant and equipment		(8.002.566)	(409.937)
Adjustments for impairment loss / (Reversal of impairment loss) of inventories		15.951.180	-
Adjustments for fair value losses / (gains) of investment property	15	(37.525.000)	-
Other adjustments to reconcile profit (loss)		17.245.548	12.977.853
Adjustments to reconcile profit / (loss) for the period		**474.899.305**	**484.914.857**
Decrease / (increase) in financial sector receivables		(98.692.934)	(51.761.385)
Decrease / (Increase) in other receivables from third parties related with operations		(70.269.026)	(42.348.630)
Adjustments for decrease / (increase) in inventories		8.061.364	5.556.973
Increase / (Decrease) in trade payables to third parties		41.590.081	26.275.058
Increase / (Decrease) in payables to finance sector operations		101.250.629	43.845.403
Decrease / (Increase) in employee benefit liabilities		(679.960)	1.109.400
Increase / (Decrease) in deferred income		13.590.098	70.702.432
Decrease / (Increase) in other assets related with operations		23.922.812	(38.697.702)
Increase / (Decrease) in other liabilities related with operations		87.869.035	(42.604.189)
Interest paid	31	(4.374.654)	(3.919.852)
Interest received		11.846.216	11.691.200
Payments related with provisions for employee benefits	22	(1.423.633)	(1.645.791)
Income taxes refund / (payments)		(47.632.311)	(38.150.031)
Changes in working capital		**539.957.022**	**424.967.743**
Proceeds from sales of property, plant and equipment		15.524.807	1.133.485
Acquisition of property, plant and equipment	16	(168.696.281)	(213.380.798)
Acquisition of intangible assets	18	(8.234.054)	(20.425.645)
Acquisition of other long-term assets		(68.749.679)	(63.177.001)
Other payments from cash advances and payables		(38.106.340)	(19.096.316)
Interest received		21.347.362	18.194.981
Cash outflows from purchase of additional shares of subsidiaries		(115.086.225)	-
Cash Inflows from sale of shares of subsidiaries that doesn't cause loss of control		15.301.535	30.108.722
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	19	(19.466.500)	-
Cash outflows from acquisition of investment property		-	(1.150.000)
Other cash inflows / (outflows)		119	790.331
Cash flows used in investing activities		**(366.165.256)**	**(267.002.241)**
Cash (outflows) / inflows from acquisition / sale of treasury shares		16.356.229	(74.502.543)
Proceeds from borrowings	9	1.302.787.372	680.127.201
Proceeds from issue of debt instruments	9	185.000.000	195.000.000
Repayment of borrowings	9	(1.139.311.952)	(600.418.025)
Payments of issued debt instruments	9	(134.800.000)	(45.000.000)
Decrease in other payables to related parties		(49.091.809)	31.368.547
Dividends paid		(106.528.976)	(93.856.973)
Interest paid		(253.811.096)	(190.676.438)
Payments of lease liabilities	9	(10.647.736)	-
Other cash inflows / (outflows)		(8.952.088)	(9.562.346)
Cash flows used in financing activities		**(199.000.056)**	**(107.520.577)**
Net increase / (decrease) in cash and cash equivalents before the effects of foreign currency differences		(25.208.290)	50.444.925
Effects of foreign currency differences on cash and cash equivalents		11.269.732	10.058.499
Net increase (decrease) in cash and cash equivalents		(13.938.558)	60.503.424
Cash and cash equivalents at the beginning of the period	7	442.539.616	382.036.192
Cash and cash equivalents at the end of the period	7	428.601.058	442.539.616

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

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. ("the Company", or "Holding") was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in İstanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity to restructure itself as a holding company. As part of its restructuring, on 2 October 2004, a new company, named Global Menkul Değerler A.Ş. was established by through a partial de-merger in accordance with under Turkish legislation law and 99,99% of its shares were owned by the Company. All of the Company's brokerage activities were transferred to this new company. The main operation of the Company's primary purpose is to participate invest in the capital and participate in the management of companies that operate or will operate in the fields of brokerage and asset management (formerly named as "financial services"), energy generation, natural gas, mining (formerly named as "naturel gas/mining/energy generation") , port operations (formerly named as "infrastructure") and real estate development sectors, and to minimize the volatility of its investments against economic fluctuations by handling managing the capital expenditure, financing, organization and administration of those its investment companies within portfolio, while contributing to such companies the achievingement of sustainable growth and ensuring the going concern of those such companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding (parent company), its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2019, the number of employees of the Group is 1.510 (31 December 2018: 1.437).

The Group is registered with the Capital Market Board ("CMB") and its shares have been traded on the Borsa İstanbul ("BIST") since May 1995 (from May 1995 to 1 October 2004, the Company traded as "Global Menkul Değerler A.Ş.").

The registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / Istanbul".

99,99% of the shares of the Company are listed on the BIST.

The Company's shareholding structure is presented in Note 24.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

The nature of the operations and the locations of the subsidiaries, and equity accounted investees of the Group are listed below:

(a) Subsidiaries

Subsidiaries	Location	Operations
Global Ports Holding B.V. (1)	Netherlands	Port Investments
Global Ports Holding Plc (1)	United Kingdom	Port Investments
Global Ports Europe B.V. ("Global BV") (2)	Netherlands	Port Investments
Global Ports Netherlands B.V.	Netherlands	Port Investments
Global Liman İşletmeleri A.Ş. ("Global Liman")	Turkey	Port Investments
Ege Liman İşletmeleri A.Ş. ("Ege Liman") (2)	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Liman") (2)	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman") (2)	Turkey	Port Operations
Port of Adria ("Bar Limanı") (2)	Montenegro	Port Operations
Cruceros Malaga, S.A ("Malaga Cruise Port") (3)	Spain	Port Operations
Global Ports Melita Ltd. ("GP Melita")	Malta	Port Operations
Valetta Cruise Port PLC ("VCP") (4)	Valetta-Malta	Port Operations
Creuers del Port de Barcelona, S.A. ("Barcelona Port") (3)	Spain	Port Operations
Barcelona Port Investments, S.L ("BPI") (3) (2)	Spain	Port Operations
Port Operation Holding S.r.l (5)(2)	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Zadar International Port Operations ("ZIPO") (14)	Croatia	Port Operations
Travel Shopping Limited	Malta	Tourism Operations
Global Ports Mediterranean S.L. (2)	Spain	Tourism Operations
GPH Antigua Ltd. ("Antigua") (25)	Antigua and Barbuda	Port Operations
Nassau Cruise Port Ltd. ("NCP") (26)	Bahamas	Port Operations
GPH Americas Ltd.	Bahamas	Port Investments
GPH Bahamas Ltd. ("GPH Bahamas")	Bahamas	Port Investments
Global Ports Destination Services Ltd.	United Kingdom	Port Services
Global Depolama A.Ş. (2)	Turkey	Storage
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. ("Global Gemicilik") (22)	Turkey	Maritime Investments
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. ("Consus Enerji") (7)	Turkey	Energy Investments
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş ("Tres Enerji") (7)	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim. A.Ş. ("Mavi Bayrak")	Turkey	Energy Generation
Mavi Bayrak Doğu Enerji Üretim A.Ş. (8)	Turkey	Energy Generation
Doğal Enerji Hizmetleri ve San.Tic. A.Ş. ("Doğal Enerji") (7)	Turkey	Electricity Generation
Global Biyokütle Yatırımları A.Ş.(23)	Turkey	Energy Investments
Consus Energy Europe B.V.	Netherlands	Energy Investments
Glowi Energy Investments Limited	Malavi	Energy Investments
Glozania Energy Investments Limited	Tanzania	Energy Investments
Global Africa Power Investments (9)	Mauritius	Energy Generation
Barsolar D.O.O. (9)	Montenegro	Energy Generation
Evergas Doğalgaz İthalat ve Tic. A.Ş. (10)	Turkey	Natural Gas Sales
Doğaldan Enerji Üretim A.Ş.	Turkey	Energy Generation
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. ("Ra Güneş") (6) (7)	Turkey	Electricity Generation
Biyotek Enerji Üretim A.Ş. (9)	Turkey	Energy Generation
Naturelgaz Sanayi ve Tic. A.Ş. ("Naturelgaz")	Turkey	Compressed Natural Gas Sales
Naturel Doğal Gaz Yatırımları A.Ş.	Turkey	Gaseous Fuel Trading
Straton Maden Yatırımları ve İşletmeciliği A.Ş. ("Straton")	Turkey	Mining
Tenera Enerji Tic. A.Ş. ("Tenera")	Turkey	Electricity and Natural Gas Trade
Edusa 1 Enerji San. Ve Tic. A.Ş. ("Edusa 1")(9)	Turkey	Energy Generation

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

Subsidiaries	Location	Operations
KNY Enerji Üretim A.Ş. ("KNY Enerji") (9)	Turkey	Energy Generation
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.(9) ("Edusa Atık")	Turkey	Energy Generation
Dağören Enerji A.Ş. ("Dağören") (7)	Turkey	Electricity Generation
Ardus Gayrimenkul Yatırımları A.Ş. (12)	Turkey	Real Estate Investments
Global Ticari Emlak Yatırımları A.Ş. (13)	Turkey	Real Estate Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera")	Turkey	Real Estate Investments
Rıhtım51 Gayrımenkul Yatırımları A.Ş.	Turkey	Real Estate Investments
Global Menkul Değerler A.Ş. ("Global Menkul") (15)	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş. (16)	Turkey	Portfolio Management
Actus Portföy Yönetimi A.Ş. (17)	Turkey	Portfolio Management
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Turkey	Insurance Agency
Ege Global Madencilik San. ve Tic. A.Ş. ("Ege Global")	Turkey	Energy Generation
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. ("Salıpazarı")	Turkey	Construction Investments
Güney Maden İşletmeleri A.Ş. ("Güney")	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. ("Neptune")	Turkey	Maritime Investments
Tora Yayıncılık A.Ş. ("Tora")	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. ("Global Enerji") (11)	Turkey	Electricity Generation
Sem Yayıncılık A.Ş. ("Sem") (18)	Turkey	Publishing
Maya Turizm Ltd. ("Maya Turizm") (19)	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. ("Galata Enerji") (20)	Turkey	Electricity Generation
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa") (21)	Turkey	Marine Vehicle Trade
Adonia Shipping Limited	Malta	Ship Management
Vinte Nova	Cayman Islands	Financial Investments
Global Financial Products Ltd. ("GFP")	Cayman Islands	Financial Investments
Vespa Enterprises (Malta) Ltd. ("Vespa")	Malta	Tourism Investments
Aristaeus Limited	Malta	Financial Investments
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Rainbow Tech Ventures Limited	Malta	Financial Investments
Rainbow Holdings Worldwide Limited	United Kingdom	Financial Investments
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. ("Geliş Madencilik") (24)	Turkey	Mining

(1) On 11 May 2017, the Group has completed the initial public offering ("IPO") of its ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, the company which shares is started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownership and 49.038.000 shares) (a wholly subsidiary of the Global Yatırım Holding) and European Bank for Reconstruction and Development ("EBRD") (10,84% ownership and 5.962.000 shares). Together with the additional shares sale option, 10.967.532 shares have been sold by the Group in IPO and continue to own 60,60% of shares. As a result of share purchase transactions in 2019 as at 31 December 2019 the Company continue to own 60,86% of shares of Global Ports Holding Plc indirectly (31 December 2018: 56,74%).

(2) These companies are consolidated to Global Liman.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(3) Global Liman acquired 43% of shares Creuers del Port de Barcelona S.A ("Barcelona Port") which has majority shares of Malaga Cruise Port and minority shares of Singapore Cruise Port through Barcelona Port Investments, S.L ("BPI") established in partnership with Royal Caribbean Cruises Ltd. and recognized the transaction as equity accounted investee in the consolidated financial statements as at 31 December 2013. These companies have been consolidated as subsidiaries after the acquisition processes completed as 30 September 2015.

(4) The Group has acquired 55,60% of shares of VCP on 15 November 2015 and has started to include in the scope of consolidation as of 31 December 2015. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. VCP is also responsible for the handling of international cruise and ferry passengers and was granted a license by the Malta Maritime Authority. The concession will end in 2067.

(5) Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 71% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 62% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

(6) This company was established in 27 November 2012 and consolidated to Consus Enerji.

(7) Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. was established on 28 August 2014. Consus Enerji has acquired 95,83% of shares of Tres Enerji, 100% of shares of Ra Güneş, 70% of shares of Dağören and 100% of shares of Doğal Enerji held by Global Enerji (a subsidiary of the Group) and these companies are consolidated to Consus Enerji as at reporting date.

(8) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015 to operate in energy generation sector.

(9) These companies were established for the purpose of the Group's energy investment.

(10) This company has been started to include in the scope of consolidation as at 31 December 2016 and operates in import and trade of natural gas.

(11) As a result of the negotiations between the parties regarding the lawsuit filed against the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş., a negotiation protocal has been signed and the shares owned by Global Enerji has been transferred to the former shareholders. As at 30 June 2019, Geliş Madencilik has been excluded from the scope of consolidation.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(12) This company has been established on 30 December 2016 through a partial division to coordinate real estate projects under one entity.

(13) This company was established on 20 August 2014 to operate in real estate investment sector.

(14) Zadar International Port Operations ("ZIPO") a subsidiary of the Global Liman with 100% shareholding rate, was established in Zadar (Croatia) for attending to tender for concession of Gazenica cruise port operation rights. ZIPO has signed a 20-year concession agreement ("the Agreement"), with the Port Authority of Zadar for the operating rights of the Gazenica cruise port in Zadar, Croatia. The concession includes cruise ship passenger port and terminal services, an international ferry terminal, Ro-Ro services, vehicles and passenger services. It also contains a commercial area of 2.400sqm, with leasable retail and office space.

(15) The Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011 as a result of the sale of its shares in 2011 through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares. As at 31 December 2019, the Group's effective ownership rate in this company is 75% (31 December 2018: 77,43%).

(16) Global MD Portföy Yönetimi A.Ş. (formerly named as Eczacıbaşı Portföy Yönetimi A.Ş.) was purchased by Global Menkul on 1 June 2015 and consolidated to Global Menkul.

(17) The company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş. (formerly named was Polsan Portföy Yönetimi A.Ş.), which operates in the finance sector, on 17 April 2015. As at 31 December 2019, the Group's effective ownership rate in this company is 80% (31 December 2018: 90,1%).

(18) This company is consolidated to Tora.

(19) This company is a joint venture of Pera and Vespa and consolidated to the Group.

(20) This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.

(21) This company was purchased by Global Liman, a subsidiary of the Group, on 17 February 2011 for a price amounting to EURO 10.000. This company is inactive and its financial statements are immaterial in the consolidated financial statements, so as at 31 December 2019 and 31 December 2018 it is excluded from the scope of consolidation (Note 2.1.f).

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(22) This company was established in 13 May 2014. As at 31 December 2019 and 31 December 2018, it is excluded from the scope of consolidation since its financial statements are not significant in the consolidated financial statements (Note 2.1.f).

(23) This company was established in 14 June 2018 and operates in energy investments sector of the Group.

(24) The shares of this company has been transferred and excluded from the scope of consolidation. Detailed information about this is explained in Note 20.2 (viii).

(25) GPH Antigua was established in Antigua and Barbuda for signing the concession agreement of St John's cruise terminal port operation rights. GPH Antigua has signed a 25-year concession agreement ("the Agreement"), with the Government of Antigua and Barbuda for the operating rights of the St John's cruise terminal in Antigua. Under the terms of the Agreement, GPH will from 23 October 2019, use its global expertise and operating model to manage all the cruise port operations at St John's cruise terminal over the life of the concession. The concession includes cruise ship passenger port and terminal services, as well as an enhancement investment in the Terminal area, to modernize the terminal. After completion of CAPEX, terminal will have 2.400sqm, with leasable retail spaces.

(26) NCP was established in Nassau (Bahamas) for signing of Port Operation and Lease Agreement ("POLA") with respect to the Nassau Cruise Port at Prince George wharf. GPH Bahamas, a wholly owned subsidiary of GPH plc, owns a 49% equity interest in NCP, Bahamian Investment Fund "BIF" (a Company established by Bahamian authorities for arrangement of financing of the project) holds 49% shares, and YES foundation (a charitable fund dedicated to empowering generations of Bahamians by supporting local youth, education, and sports-related programs) holds remaining 2% shares of NCP. NCP has signed a 25-year agreement ("the Agreement") from the end of construction completion, with the Government of Bahamas ("GoB") for the operating rights of the Prince George wharf in Nassau, Bahamas, starting from 11 November 2019. Under the terms of the Agreement, NCP has an obligation to perform capital investments which include Cruise Terminal for an iconic design respecting and reflecting the richness and uniqueness of the traditional Bahamian culture. The concession includes cruise ship passenger port and terminal services. It will also contain a commercial area, after completion of CAPEX, with leasable retail and office space.

Global Yatırım Holding A.Ş. And its Subsidiaries
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(b) Equity Accounted Investees *(continued)*

Investments in associates	Location	Operations
IEG Global Kurumsal Finansman Danışmanlık A.Ş. ("IEG") (1)	Turkey	Corporate Finance Consulting
LCT- Lisbon Cruise Terminals, LDA (" Port of Lisbon") (2)	Portugal	Port Operations
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore") (3)	Singapore	Port Operations
Venezia Investimenti Srl (4)	Italy	Port Operations
Axel Corporation Grupo Hotelero, S.L. (5)	Spain	Tourism Investments
La Spezia(6)	Italy	Port Operations
Goulette Cruise Holding Ltd. (UK) ("Goulette") (7)	United Kingdom	Port Investments
Pelican Peak Investment Inc	Canada	Entertainment investments
1121438 B.C. LTD	Canada	Entertainment investments

(1) This company has been established on 17 May 2011 with a 50% - 50% shareholding structure by Global Menkul, a subsidiary of the Group, and IEG (Deutschland) GmbH, as a prominent company in corporate finance sector in Europe.

(2) The Group has entered into the concession agreement of Lisbon Cruise Terminals within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprised of Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA.

Within the scope of the concession, Global Liman completed the transactions of transferring Lisbon Cruise Terminal to LCT-Lisbon Cruise Terminal called LDA physically on 26 August 2014 and Lisbon Cruise Terminal has been consolidated as equity accounted investee as at 30 September 2014.

(3) Barcelona Port Investments, S.L ("BPI") which was established in partnership with Global Liman and Royal Caribbean Cruises Ltd. acquired majority shares of Barcelona Port and Malaga Cruise Port and minority shares of Singapore Cruise Port as at 30 September 2014. After the date of acquisition, Singapore Cruise Port has been started to be consolidated by equity accounting method.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(b) Equity Accounted Investees *(continued)*

(4) Global Liman, a subsidiary of the Group, has founded Venezia Investimenti Srl, which operates the Port of Venezia ("Venezia Terminal Passegeri S.p.A (VTP)") through a Joint Venture Group with Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd, each of which will have a 25% stake. As of 19 July 2016, the international consortium, which is a member of Global Ports Operations, has become to own indirectly 44,48% of VTP with Finpax shares previously acquired.

(5) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method. As at 31 December 2019, the shareholding rate is 30% through participation in capital increase in 2019 (31 December 2018: 15%).

(6) Global Liman has acquired 28,5% minority shares of La Spezia Cruise Facility Srl (operating La Spezia Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

(7) Goulette Cruise Holding is a joint venture established 50%-50% between the Company and MSC Cruises S.A. ("MSC"), to acquire La Goulette Shipping Cruise, which operates the cruise terminal in La Goulette, Tunisia. The Company made a share capital contribution for its 50% shareholding amounting to EURO 55.000 and issued a loan of USD 6 million in December 2019 to fund the acquisition of La Goulette Shipping Cruise proportionately to its share. The joint venture acquired the shares in La Goulette Shipping Cruise on 26 December 2019.

All companies have the same fiscal year with the Parent, January 1 - December 31, except Singapore Cruise Port, which has a fiscal year starting on April 1, to March 31 next year.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance to Turkish Financial Reporting Standards ("TFRS")

The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. TFRS's contain Turkish Accounting Standards ("TAS"), Turkey Financial Reporting Standards, TAS interpretations, and TFRS interpretations published by POA.

The consolidated financial statements of the Group are presented in compliance with "Announcement on Financial Statements and Disclosure Formats" announced by CMB and TAS taxonomy announced by POA.

Approval of consolidated financial statements:

The accompanying consolidated financial statements are approved by the Company's Board of Directors on 10 March 2020. General Assembly and related legal institutions have the right to correct these consolidated financial statements.

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

(b) Preparation of Financial Statements in Hyperinflationary Economies

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements are prepared based on historical cost except for financial instruments, investment property and derivatives that are measured at fair value.

The methods used for measuring fair value are disclosed in Note 2.3.

(d) Functional and Presentation Currency

Items included in the financial statements of the entities within the Group structure are presented in the functional currencies in their primary economic environments in which those companies operates.

The presentation and functional currency of the Company is Turkish Lira ("TL").

US Dollar is significantly used in the operations of the subsidiaries GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Barsolar, Biyotek, Edusa Atık, RA Güneş, KNY Enerji, Doğaldan, Mavi Bayrak Doğu, Ege Liman, Bodrum Liman, Global Ports Holding Plc, Ortadoğu Liman, GPH Antigua, GPH Americas, GPH Bahamas, NCP and has a significant effect on the operations. Therefore, US Dollar has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(d) Functional and Presentation Currency *(continued)*

EURO is significantly used in the operations of the subsidiaries; Bar Limanı, Adonia Shipping, Straton Maden, BPI, VCP, Global BV, Port Operation Holding S.r.l., Ravenna Terminali Passeggeri S.r.l., Cagliari Terminali Passeggeri S.r.l., Catania Terminali Passeggeri S.r.l., Aristaeus, Barcelona, ZIPO, Malaga Limanı, Global Ports Mediterranean. Therefore, EURO has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Change in Foreign Functional Currency

The subsidiaries of the Group, Bodrum Liman and Ege Liman, their functional currency had been decided as USD based due to changes in their operation structure and economic environment starting from the year of 2019.

According to an amendment to the Decree No. 32 on the Protection of Value of Turkish Currency numbered 85" published on the Official Gazette numbered 30534 and dated September 13, 2018, Store rental income which is major revenue component of Global Ticari Emlak has been converted to TL from USD. Therefore, as an indicator of the main economic environment, generating cash in TL, it has been determined as the functional currency of Global Ticari Emlak starting from 1 January 2019.

The Company and its subsidiaries registered in Turkey maintains their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance.

(e) Netting/Offsetting

The Group's financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation

As at 31 December 2019 and 2018, the consolidated financial statements include the financial statements of the subsidiaries and associates of Global Yatırım Holding A.Ş..

(i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Global Yatırım Holding A.Ş. And its Subsidiaries

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(ii) Subsidiaries

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses in non-controlling interest of subsidiaries are transferred to non-controlling interest even if the result is negative.

On 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 of 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 that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(ii) Subsidiaries (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2019 and 2018 for all subsidiaries directly or indirectly controlled by the Group:

	Effective ownership rates		Voting power held	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Global Liman İşletmeleri A.Ş.	60,86	56,74	60,86	56,74
Ege Liman İşletmeleri A.Ş.	44,12	41,14	44,12	41,14
Bodrum Yolcu Limanı İşletmeleri A.Ş.	36,52	34,04	36,52	34,04
Ortadoğu Antalya Liman İşletmeleri A.Ş.	60,85	56,74	60,85	56,74
Port of Adria	38,45	36,19	38,45	36,19
Cruceros Malaga, S.A. ("Port of Malaga")	30,19	28,14	30,19	28,14
Global Ports Holding B.V.	100,00	100,00	100,00	100,00
Global Ports Holding Plc	60,86	56,74	60,86	56,74
Global Ports Europe B.V ("Global BV")	60,86	56,74	60,86	56,74
Global Ports Melita Ltd.	60,85	56,74	60,85	56,74
Perquisite Holdings Ltd. ("Perquisite")	-	56,74	-	56,74
Valetta Cruise Port PLC ("VCP")	33,84	31,55	33,84	31,55
Creuers del Port de Barcelona, S.A. ("Creuers")	37,73	35,18	37,73	35,18
Barcelona Port Investments, S.L ("BPI")	37,73	35,18	37,73	35,18
Port Operation Holding S.r.l	60,86	56,74	60,86	56,74
Ravenna Terminal Passeggeri S.r.l.	32,68	30,45	32,68	30,45
Cagliari Cruise Port S.r.l.	43,15	40,22	43,15	40,22
Catania Terminali Passeggeri S.r.l.	37,85	35,30	37,85	35,30
Global Ports Netherlands B.V.	60,86	56,74	60,86	56,74
Zadar International Ports Operations d.o.o.	60,86	56,74	60,86	56,74
Travel Shopping Limited	30,45	28,39	30,45	28,39
Global Depolama A.Ş.	60,85	56,74	60,85	56,74
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	95,83	95,83	95,83	95,83
Mavibayrak Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Mavibayrak Doğu Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Doğal Enerji Hizmetleri San. Ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Global Biyokütle Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Consus Energy Europe BV	100,00	100,00	100,00	100,00
Glowell Energy LTD.	-	95,00	-	95,00
Glerih Energy LTD.	-	95,00	-	95,00
Global Africa Power Investments	100,00	100,00	100,00	100,00
Glowi Energy Investments Limited	100,00	100,00	100,00	100,00
Glozania Energy Investments Limited	100,00	100,00	100,00	100,00
Barsolar D.O.O.	51,00	51,00	51,00	51,00
Evergas Doğalgaz İthalat ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Doğaldan Enerji Ürt. A.Ş.	100,00	100,00	100,00	100,00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Biyotek Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Naturelgaz Sanayi ve Tic. A.Ş.	95,50	95,86	95,50	95,86
Naturel Doğal Gaz Yatırımları A.Ş.	100,00	-	100,00	-
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	97,69	97,69	97,69	97,69
Tenera Enerji Tic. A.Ş.	100,00	100,00	100,00	100,00
Edusa 1 Enerji Sanayi ve Tic. A.Ş.	100,00	100,00	100,00	100,00
KNY Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	-	85,00	-	85,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Ardus Gayrimenkul Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Global Ticari Emlak Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	22,45	39,56	22,45	39,56
Rıhtım51 Gayrimenkul Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Global Menkul Değerler A.Ş.	75,00	77,43	75,00	77,43
Global MD Portföy Yönetimi A.Ş.	75,00	77,43	75,00	77,43
Actus Portföy Yönetimi A.Ş.	80,00	90,10	80,00	90,10
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Ege Global Madencilik San. ve Tic. A.Ş.	100,00	84,99	100,00	84,99
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş.	100,00	100,00	100,00	100,00
Güney Madencilik İşletmeleri A.Ş.	100,00	100,00	100,00	100,00
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tora Yayıncılık A.Ş.	100,00	100,00	100,00	100,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Sem Yayıncılık A.Ş.	65,00	65,00	65,00	65,00
Maya Turizm Ltd.	61,23	69,78	61,23	69,78
Galata Enerji Üretim San. ve Tic. A.Ş.	100,00	85,00	100,00	85,00
Randa Denizcilik San. ve Tic. Ltd. Şti.	60,85	56,74	60,85	56,74
Adonia Shipping Limited	99,93	56,74	99,93	56,74
Global Gemicilik ve Nakliyat Hizmetleri A.Ş.	59,64	98,00	59,64	98,00
Global Ports Mediterranean S.L.	60,86	-	60,86	-
GPH Antigua Ltd.	60,86	-	60,86	-
Nassau Cruise Port Ltd.	29,82	-	29,82	-
GPH Americas Ltd.	60,86	-	60,86	-
GPH Bahamas Ltd.	60,86	-	60,86	-
Global Ports Destination Services Ltd (UK)	60,86	-	60,86	-
Vinte Nova	99,93	99,93	99,93	99,93
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Vespa Enterprises (Malta) Ltd.	99,93	99,93	99,93	99,93
Aristaeus Limited	100,00	100,00	100,00	100,00
Sümerpark Gıda İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Rainbow Tech Ventutres Limited	100,00	100,00	100,00	100,00

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(iii) Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

(iv) Under common control transactions

Transactions arising from transferring or acquisition shares of entities under the common control are recognized as at the beginning of the period in which the transaction accrued. Comparative periods are restated for that purpose. Acquired assets and liabilities are recognized at book value which is the same as recorded book value in under common control entity's financial statements. Shareholder's equity items of entities under common control are recognized in equity of the Group except for capital and current profit or loss is recognized in equity.

(v) Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity under retained earnings.

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(vi) Joint ventures and associates

Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are accounted for using the equity accounting method.

The Group's associates are accounted under equity accounting method in the accompanying consolidated financial statements. Under the equity accounting method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate or joint venture subsequently reports profits, the share of the profits, only after its share of losses not recognized, is recognized in the financial statements.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2019 and 2018 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Lisbon Cruise Terminals ("Port of Lisbon")	28,12	26,21	28,12	26,21
Singapur Limanı ("Port of Singapore")	15,22	14,07	15,22	14,07
Venezia Investimenti SRL	15,22	14,19	15,22	14,19
La Spezia Cruise Facility S.c.a.r.l	17,35	16,17	17,35	16,17
Axel Corporation Grupo Hotelero, S.L. (*)	30,00	15,00	30,00	15,00
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG)	37,50	38,72	37,50	38,72
Goulette Cruise Holding Ltd. (UK) ("Goulette") (Note 1)	30,43	-	50,00	-
Pelican Peak Investment Inc	3,96	-	3,96	-
1121438 B.C. LTD	4,75	-	4,75	-

(*) Although as at 31 December 2018 the effective ownership ratio of Axel Corporation Grupo Hotelero, S.L. is 15%, it is considered that the Group has a significant influence on the strategic, financial and operating policies established by the agreement under common control and is accounted for using the equity accounting method.

Global Yatırım Holding A.Ş. And its Subsidiaries

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(vii) Equity Securities

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are showed as equity investments at fair value through fair value through other comprehensive income at consolidated financial statements.

As at 31 December 2019 Naturel Doğal Gaz Yatırımları A.Ş. in which the Group has effective ownership interest of 100%, GPH Americas Ltd., GPH Bahamas Ltd., Global Ports Destination Services Ltd. in which the Group has effective ownership interest of 60,86%, Goulette Cruise Holding Ltd. in which the Group has effective ownership interest of 30,43%, Randa in which the Group has effective ownership interest of 60,04% (31 December 2018: 56,74%), , Consus Energy BV with an effective ownership interest of 100% (31 December 2018: 100%) and Glowi Energy Investments Ltd., Glozania Energy Investments Ltd., Global Africa Power Investments and Rainbow Holdings Worldwide Limited with an effective ownership interest of 100% which are immaterial to the consolidated financial statements are disclosed as equity investments at fair value through other comprehensive income. Equity investments at fair value through fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to its acquisition. These assets are subsequently measured at fair value.

(viii) Consolidation adjustments

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of current or non-current (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) cannot be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kinds of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies

Comparative information and adjustment of previous year financial statements

The Group's financial statements are prepared in comparison with the previous period to enable clarification of changes in financial position and performance. The comparable information is reclassified and material differences are explained when required to provide conformity with current year's financial information. Reclassifications made on the statement of financial position are as follows:

Deposits and advances given amounting to TL 4.047.001 presented under "Other receivables from third parties" as at 31 December 2018 are reclassified to "Receivables from operations in finance sector from third parties".

Reclassifications does not have an effect on consolidated statement of profit or loss for the year ended 31 December 2018.

Accounting policies have been applied consistently by the Group to all periods presented in these consolidated financial statements.Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

In the preparation of consolidated financial statements for the year ended 31 December 2019, there has been no change in the accounting policies except for the first application of TFRS 16.

The Group initially applied TFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

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

The Group has applied TFRS 16 using the modified retrospective approach resulting in the recognition of the right of use and the lease liability to an equal amount by using all practical expedients during the first transition. Accordingly, the comparative information presented for 2018 is not restated, it is presented, as previously reported, under TAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases

Definition of a lease

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

On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRS Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under TFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

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At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

As a lessee

The Group has lease contracts for various items of concession agreements, buildings, production equipment and information technology ("IT") equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under TFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-consolidated balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for machine and IT equipment leases for which the lease term ends within 12 months of the date of initial application. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases *(continued)*

As a lessee *(continued)*

The Group has presented the right-of-use assets in a separate line in the consolidated statement of financial position as "right of use assets".

The carrying amounts of right-of-use assets as of 1 January 2019 and 31 December 2019 are as below:

	Right-of-use assets related to concession agreements	Other	Total
Balance at 1 January 2019	317.374.303	19.347.750	336.722.053
Balance at 31 December 2019	491.093.892	11.369.003	502.462.895

The Group presents lease liabilities in "current and non-current financial liabilities" in the consolidated statement of financial position.

	Lease liabilities related to concession agreements	Other	Total
Balance at 1 January 2019	317.374.303	19.347.750	336.722.053
Balance at 31 December 2019	380.826.599	12.156.422	392.983.021

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases *(continued)*

As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The Group's accounting policies as a lessor is not any different than TAS 17. However, when the Group is asub-lessor, the sub-lease amount is classified according to the underlying assets.

The Group is not required to make any adjustments on transition to TFRS 16 for leases in which it acts as a lessor. The Group has applied TFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases *(continued)*

Impacts on the consolidated financial statements

i) Impact on transition

On transition to TFRS 16, the Group recognised additional right-of-use assets, including additional lease liabilities. The impact on transition is summarised below.

	1 January 2019
Right-of-use asset	336.722.053
Lease liabilities	336.722.053

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 17,33% for lease contracts in Turkish Lira, 4% for lease contracts in USD and 4,67% for lease contracts in Euros. The weighted average rates applied are calculated by taking into consideration the relevant company and the country in which the lease was made.

	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	836.991.801
Discounted using the incremental borrowing rate at 1 January 2019	336.722.053
Finance lease liabilities recognised as at 31 December 2018	10.022.014
Lease liabilities recognised at 1 January 2019	346.744.067

	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	836.991.801
Discounted using the incremental borrowing rate at 1 January 2019	336.929.960
Finance lease liabilities recognised as at 31 December 2018	10.022.014
– Recognition exemption for leases with less than 12 months of lease term at transition	207.907
Lease liabilities recognised at 1 January 2019	346.744.067

ii) Current year impact

As a result of initially applying TFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 502.462.895 of right of use assets and TL 392.983.021 of lease liabilities as at 31 December 2019.

Also in relation to those leases under TFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the twelve month ended 31 December 2019, the Group recognised TL 21.756.535 of depreciation charges and TL 14.976.113 of financial expense from these leases.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019

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.

The revised Conceptual Framework

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019 *(continued)*

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

Amendments to TAS 1 and TAS 8 - Definition of Material

In June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 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 TFRS Standards. The amended "definition of material "was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 1 and TAS 8.

Amendments to TFRS 3 - Definition of a Business

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

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 3.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019 *(continued)*

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

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

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

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

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

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:
(a) The highly probable requirement;
(b) Prospective assessments;
(c) TAS 39 retrospective assessment; and
(d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. The Group will apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies

(a) Revenues

General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of TFRS 15 when the contract is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identify the performance obligations in the contract

The Group defines ‘performance obligation’ as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

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

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

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

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

Step 3: Determine the transaction price

When determining the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. As a practical expedient, the Group is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. The Group assessed that for contracts with an overall duration greater than one year, the practical expedient applies if the period between performance and payment for that performance is one year or less.

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Group recognizes revenue over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

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

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

In cases where the costs to be incurred by the Company to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of significant accounting policies and revenue recognition methods of the Group's various goods and services are explained as below.

(i) Service and commission revenue

The Group receives commissions for providing services with brokerage services and asset management services, and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period. Other service and commission revenues comprised of interest received from customers, portfolio management commissions and other commissions and consultancy services and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period.

(ii) Portfolio management fees

Fees charged for management of customer portfolios at capital markets are recognized as income at the end of each month.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

(iii) Gain on trading of securities

Gains / losses on trading of securities are recognized in profit or loss at the date of the related purchase/sale order.

(iv) Natural gas sales

Revenues from the sales of compressed natural gas comprise the revenues from the sales to individual and corporate subscribers. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the subscribers and natural gas has been consumed by the related subscriber. The Group also obtains tube rental revenues in addition to compressed natural gas sales. Tube rental income is recognized in profit or loss on a straight-line basis over the lease term. Discount on sales are recognized as a reduction in gross sales.

(v) Port administration revenues and port rent income

Container revenues

Container cargo revenues relate to services provided for container cargo handling including sea and land services. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Port Akdeniz are mainly made in advance, in some cases payment terms are up to 30 days.

Port service revenues

Port service revenues relate to services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.). Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

Cargo revenues

Cargo revenues relate to services provided for general and bulk cargo handling including sea and land services. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are mainly made in advance, in other cases payment terms are up to 30 days.

Landing fees

Landing fees relate to services provided to cruise ships including passenger landing, luggage handling, security fees, etc. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

(v) Port administration revenues and port rent income (continued)

Rental income

Rental income is generated from the leasing of marina and shopping centers. Revenue is recognized over time as the services are provided. Revenue is recognized on a straight-line basis over the term of the lease. Invoices are issued on a monthly basis and are usually payable within 30 days. Guarantees are taken up to 6 months' rent.

Income from duty free operations

Income from duty free operations is recognized in profit or loss at the point of sale. Invoices are issued when the products are sold and are paid in cash or by credit card.

(vi) Electricity sales

The Group sells electricity as a result of electricity generation from renewable energy sources and since electricity is not a storable stock sales and costs is realized simultaneously.

(vii) Other service revenues

Rent income is accounted for on accrual basis, interest income is accounted for using effective interest method and dividend income is recognized on the date the Group's right to receive the payment is established.

(viii) Mining revenues

Revenues from mining are measured by fair value after deducting received payment or repayments and discounts of receivable. Mining sales are recognized by fair value of received or possible payment on accrual basis in the situation that delivery of product or service of product, transfer of risk and benefit of product, reliably determination of income of product and transfer of economical use of product to the Group are possible.

(ix) Other revenues

Other service revenues and other sales are transferred to the consolidated statement of profit or loss and comprehensive income on accrual basis.

Revenues from the sale of real estates and the expenses related to the investment properties are recognized in the consolidated statement of profit or loss and other comprehensive income as part of the real estate lease and service income.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(b) Expenses

Expenses are accounted for on accrual basis. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

Interest expenses

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

(c) Inventories

(i) Inventories

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Trading property

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost at balance sheet date and net realizable value. Net realizable value represents the fair value less costs to sell. Borrowing costs directly attributable to the trading properties in progress are included in the cost of the trading property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. The duration of the completion of these trading properties is over one year and it varies from project to project.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(d) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(e) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses.

Property, plant and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(e) Property, Plant and Equipment *(continued)*

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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 depreciation rates used by the Group are as follows:

Buildings	2%-5%
Land improvements	3,38%-4,49%
Machinery and equipment	5%-25%
Motor vehicles	25%
Furniture and fixtures	33,33%
Leasehold improvements	3,33%-33,33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, royalty and natural gas selling and transmission licenses, contract-based customer relationships, development costs, computer software, Vakıf Han building usage rights, other rights and other intangible assets.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2005 are stated at cost less accumulated amortization and permanent impairment losses.

Intangible assets related to operations whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated amortization and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

In a business combination or acquisition, the acquirer recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in TAS 38 Intangible Assets and its fair value can be measured reliably.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(f) Intangible Assets *(continued)*

(i) Recognition and measurement (continued)

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(ii) Service concession arrangements

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

Port operation rights arising from a service concession arrangement are recognized in line with TFRS Interpretation 12 'Service Concession Arrangements' when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for a public service, and when specific conditions are met.

The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price.

The grantor also has to control any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. These assets are amortized based on the lower of their useful lives or concession period.

Amortization is recorded in "depreciation and amortization" account under cost of sales.

Concession arrangements at Creuers, Cruceros, NCP, Ravenna and Catania were assessed as being within the scope of TFRS Interpretation 12.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(f) Intangible Assets *(continued)*

(iii) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	2%-25%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
Natural gas selling and transmission license (**)	3,33%
Royalty license (***)	10%

(*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman, by 2067 for Bodrum Liman, by 2038 for ZIPO, by 2043 for Port of Bar, by 2030 for Barcelona Port, by 2067 for Malta Port, by 2038 for Malaga Port, by 2020 for Ravenna Port, by 2026 for Catania Port, by 2025 for Cagliari Port, by 2044 for Nassau Port and by 2044 for Antigua Port

(**) The licenses of Naturelgaz include the compressed natural gas (CNG) sales licenses in İzmir, Bursa, Bursa-2, Adapazarı, Antalya, Konya, Afyon, Bolu, Osmaniye, Kayseri, Rize, Düzce, Elazığ, İstanbul, Kırıkkale and Kocaeli regions as well as the CNG transmission license. The CNG transmission license and the CNG sales licenses in Bursa, Antalya and Adapazarı have been obtained by Naturelgaz in 2005 whereas the CNG sales license in İzmir has been obtained in 2006, Bolu in 2012, in Afyon, Düzce, Konya, Osmaniye, Kocaeli in 2013, in Rize in 2014, in 2016 spot LNG, Kırıkkale, Kayseri, Elazığ in 2017 licenses has been obtained. The licenses are valid for 30 years.

(***) Royalty license will expire by 2023 for Straton Maden.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate**.**

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(g) Goodwill

According to TFRS 3 "Business Combinations", the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase (negative goodwill)).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

The goodwill acquired in a business combination is not amortized. Alternatively, once a year or the conditions indicate the impairment losses, the Group tests impairment losses more frequently than the usual conditions.

(h) Financial Instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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:

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

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

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

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of signifiant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets- Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest *(continued)*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses

The following accounting policies apply to 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. However, see (v) Derivative financial instruments and hedge accounting".
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.
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.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See "(iv) Derivative financial instruments and hedge accounting" for financial liabilities designated as hedging instruments.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are 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 amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting *(continued)*

Cash flow hedges *(continued)*

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As of 31 December 2019 and 2018, all interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting *(continued)*

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

vi) Impairment of financial assets

a. Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for the expected credit losses of the following items under TFRS 9:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI

The Group measures loss allowances at an amount equal to lifetime expected credit losses ("ECL"), except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90-120 days past due.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its obligations arising from lease contracts to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

- the borrower is unlikely to pay its obligations arising from natural gas sales and electricity sales to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 360 days past due.

- the borrower is unlikely to pay its obligations arising from other business activities to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 150-180 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risks.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

Expected credit losses are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Company applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The Group performed the calculation of expected credit losses rates separately for receivables arising from different business lines. The expected credit losses were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables is estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

For individual customers, the Group has a policy of written off the gross carrying amount when the financial assets is between 180 – 360 days past due based on historical experiences of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

b.Non-financial assets - Impairment

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets were impaired includes that observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

For available-for-sale equity instruments, any impairment loss recognized in income statement in prior periods could not be reversed in income statement. The fair value gain arising from impairment loss is accounted for in other comprehensive income and is classified under the heading of revaluation provision related to investments. Impairment loss on available-for-sale debt securities is reversed in income statement in subsequent periods if the increase in the fair value of the investment is attributable to an event occurring after the impairment loss is recognized.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(ı) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as "treasury shares owned by the Company" if owned by the Company and classified as "treasury shares owned by the subsidiaries" if owned by subsidiaries and are presented in equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(i) Employee Benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. With respect to Group's employees in Turkey, retirement pay liability is calculated by using lower of employee's monthly salary and retirement pay ceiling. It is detailed in Note 22 as at 31 December 2019 and 2018. The Group recognizes retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key actuarial assumptions used in the calculation of the retirement pay liability are detailed in Note 22.

(j) TFRS 2 – Share-based payment arrangements

On 1 January 2019, the Group established share option program that entitles key management personnel to receive shares in the Company based on the performance of the Company during the vesting period.

Under this program, holders of vested option are entitled to receive shares of the Company at the grant date. Currently, this program is limited to key management personnel and other senior employees.

The option will be settled by physical delivery of shares.

On 1 January 2019, the Group granted 204,000 Restricted Stock Units ("RSUs") to employees that entitle them to a share issued after three years of service. The RSUs will be granted at the end of three-year vesting period and issued after two year holding period.

Shares issued under the long term incentive plan are subject to a dilution limit of up to 3% over 10 years, which will be monitored by the Committee.

Upon vesting of an RSU, Employees must pay the par value in respect of each share that vests. Employees are also responsible to declare and pay the tax related to gains from RSUs to the authorities.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(k) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities by using 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 retranslation are recognized in profit or loss.

Companies, whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with TAS 21.

Foreign currency differences arising on operations with foreign currency are recognized in profit or loss as foreign currency exchange gains and losses.

According to TAS 21, balance sheet items presented in the financial statements of domestic and foreign subsidiaries and joint ventures whose functional currency is different from TL, are translated into TL at the balance sheet (USD/TL and EUR/TL) exchange rates whereas income, expenses and cash flows are translated at the average exchange rate or ruling rate of the transaction date. Profit or loss from translation difference of these operations is recognized as "Currency Translation Differences" under the equity.

As at 31 December 2019 and 2018, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2019	**31 December 2018**
US Dollar / TL	5,9402	5,2609
Euro / TL	6,6506	6,0280

The average foreign currency buying exchange rates of the CBRT in 2019 and 2018 comprised the following:

	2019	**2018**
US Dollar / TL	5,6708	4,8134
Euro / TL	6,3477	5,6627

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(l) Discontinued Operations, Assets Held For Sale and Liabilities Directly Associated with Assets Held For Sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/ (loss) before tax and the profit/ (loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and a profit/ (loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with TFRS 11 "Joint Arrangements" and TFRS 5 "Assets Classified as Held for Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with TFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) Its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(m) Earnings/ (Loss) 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 Company by the weighted average number of ordinary shares outstanding during the period, less own shared acquired.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

(n) Events after the Reporting Period

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

(o) Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. In addition to the current period, the Group disclosed its accounting policies within the scope of TAS 17 (for the comparative period presented) in order to understand the comparative information and changes in important accounting policies.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable from 1 January 2019 *(continued)*

(i) As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right- of-use asset has been reduced to zero.

The Group has recognized right-of-use assests separetely which are not classified as investment property in its consolidated financial statement. Right-of-use asssets which are defined as investment propery presented in the "investment property". The Group presented lease liabilities in the "financial borrowings".

Short-term leases and low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and leases that are less than 12 months . The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable from 1 January 2019 *(continued)*

(i) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating leasee.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub- lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short- term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies TFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from TFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

– the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(r) Segment Reporting

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

The operating segments of the Group are finance, naturel gas/mining/energy generation, port operations, real estate and other segments, and they are disclosed in Note 5.

(s) Government Subsidies and Incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 37.

(t) Related Parties

Parties are considered related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Company that gives it significant influence over the Company; or
- (iii) has joint control over the Company;

(b) The party is an associate of the Company

(c) The party is a joint venture in which the Company is a venturer;

(d) The party is member of the key management personnel of the Company as its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(t) Related Parties *(continued)*

(f) The party is an entity that is 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)

(g) The party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

A number of transactions are entered into with related parties in the normal course of business.

(u) Taxes

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity. Current tax except taxes recognized during business combination and taxes recognized under other comprehensive income are recognized in profit or loss.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized over temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes as mentioned in Note 2.1 and 2.2 and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable, entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(v) Receivables From Reverse Repurchase Agreements

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income rediscount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

(y) Statement of Cash Flows

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are current investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(z) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognized in consolidated financial statements when a distribution of profit decided by General Assembly.

(aa) Finance income and finance expense

Finance income comprises interest income on funds invested, foreign currency gains on financial assets and liabilities (except for trade receivables and payables) and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, foreign currency losses on financial assets and liabilities (except for trade receivables and payables) and losses on derivatives that are recognised in profit or loss. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognised in profit or loss using the effective interest method. Borrowing costs directly related to the fixed assets under construction are included in the cost of the related asset.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.4 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting judgements, estimates and assumptions used in preparing the consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2018.

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

Information about critical judgements 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 5 Segment reporting
- Note 15 Investment properties
- Note 17 Right of use assets

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.3 (d,e,f) Useful lives of property, plant and equipment and intangible assets and concession intangible assets
- Note 10 Impairment losses on trade receivables
- Note 12 Impairment losses on receivables from finance sector operations
- Note 15 Fair value of investment properties
- Note 18 Impairment of goodwill
- Note 20 Provisions, contingent assets and liabilities
- Note 22 Assumptions for provision of employment termination benefit
- Note 31 Tax assets and liabilities

Changes and Errors in Accounting Estimates

Changes in accounting estimates are applied in the current period if the change is related with only one period. They are applied in the current period and prospectively if they are related to current and to the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated.
Except for the changes explained below, the accounting judgements, estimates and assumptions used in preparing the accompanying consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2018.

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3 BUSINESS COMBINATIONS

The Group has no acquisition for the year ended 31 December 2019 and the year ended 31 December 2018.

4 INVESTMENT IN OTHER ENTITIES

Details of the Group's subsidiaries where the non-controlling interests are significant and summary financial information before consolidation adjustments are as follows:

Subsidiary	*Non-controlling interests*	*Profit/(loss) attributable to non-controlling interests*	*Accumulated non-controlling interests*	*Dividend paid to non-controlling interests*
Global Ports Holding Plc				
31 December 2019	39,14%	(23.857.466)	512.810.951	100.875.118
31 December 2018	43,26%	32.483.654	762.715.728	93.856.973
Pera Gayrimenkul Yatırım Ortaklığı Anonim Şirketi				
31 December 2019	77,55%	(4.878.687)	26.906.560	-
31 December 2018	60,44%	(5.237.509)	31.785.247	-

Consolidated financial information of Global Ports Holding Plc, before consolidation adjustments and eliminations is as follows:

Global Ports Holding Plc **Condensed Consolidated Statement of Financial Position**	**31 December 2019**	**31 December 2018**
Current assets	1.092.541.963	563.341.345
Non-current assets	3.629.197.325	3.056.083.990
Total assets	**4.721.739.288**	**3.619.425.335**
Current liabilities	562.258.292	357.541.475
Non-current liabilities	3.237.197.504	2.221.437.273
Total liabilities	**3.799.455.796**	**2.578.978.748**
Total equity	**922.283.492**	**1.040.446.587**
Total equity and liabilities	**4.721.739.288**	**3.619.425.335**

Global Ports Holding Plc **Condensed Consolidated Statement of Profit or Loss**	**2019**	**2018**
Revenue	668.498.598	570.130.453
Operating profit	86.810.571	163.970.751
Net profit / (loss) for the period	(86.301.472)	32.594.384

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4 INVESTMENT IN OTHER ENTITIES *(continued)*

Consolidated financial information of Pera Gayrimenkul Yatırım Ortaklığı A.Ş., before consolidation adjustments and eliminations is as follows:

Pera Gayrimenkul Yatırım Ortaklığı A.Ş.

Condensed Consolidated Statement of Financial Position	**31 December 2019**	**31 December 2018**
Current assets	17.616.584	24.425.230
Non-current assets	110.392.714	110.782.750
Total assets	**128.009.298**	**135.207.980**
Current liabilities	42.335.289	11.119.514
Non-current liabilities	3.704.588	33.897.608
Total liabilities	**46.039.877**	**45.017.122**
Total equity	**81.969.421**	**90.190.858**
Total equity and liabilities	**128.009.298**	**135.207.980**

Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	**2019**	**2018**
Condensed Consolidated Statement of Profit or Loss		
Revenue	9.901.237	28.965.028
Operating profit	2.163.322	5.305.824
Net loss for the period	(8.202.160)	(8.962.972)

5 SEGMENT REPORTING

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are port operations (previously named as "infrastructure"), energy generation, natural gas, mining (previously named as "naturel gas/mining/energy generation"), brokerage and asset management segment (previously named as "finance"), real estate and other. Brokerage and asset management segment includes the finance operations, natural gas segment includes compressed natural gas distribution, energy generation segment includes electricity generation facilities and mining segment includes mining operations, port operations segment includes domestic and abroad commercial and cruise port operations and investments and real estate segment includes operations in respect of investment property and trading property operations.

Especially in the winter months (December, January, February), the operations of the subsidiaries of the Group operating in the port operation sector under the port operations segment decline in comparison with the other months of the year. The busiest period in the cruise port operations is the third quarter of the year. This seasonality of operations has an impact on the performance of the aforementioned segments.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") are reviewed in the assessment of the financial performance of the operating segments. The Group management does not present non-recurring income / expenses incurred by these companies in their EBITDA which are not arising from core operations in order to follow the operational and cash based results of the Group companies (Adjusted EBITDA). These income and expenses include project expenses related to the acquisition/sale of subsidiary and the public offering of subsidiaries, valuation gains/ impairment losses and other non-cash income and expenses. Information related to the operating segments of the Group is presented later in this note.

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5 SEGMENT REPORTING *(continued)*

	Port Operations		Energy Generation		Natural Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Segment assets	4.679.092.318	3.582.599.325	642.270.000	559.070.435	260.682.688	246.073.918	176.113.678	183.556.869	588.837.418	571.662.778	275.143.547	166.365.316	434.292.733	338.663.593	**7.056.432.382**	**5.647.992.234**
Segment liabilities	3.797.654.259	2.526.223.019	450.249.769	481.648.267	134.904.272	138.481.558	112.744.688	82.556.066	164.048.980	168.552.656	227.093.200	116.956.915	651.780.508	457.691.504	**5.538.475.682**	**3.972.109.985**

	Port Operations		Energy Generation		Natural Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenues	668.498.598	601.031.096	148.525.696	82.979.423	428.354.179	248.227.072	95.951.436	78.153.486	42.460.371	61.131.597	53.525.627	48.400.613	3.658.388	8.516.205	**1.440.974.295**	**1.128.439.492**
EBITDA	437.143.666	402.722.039	18.310.198	7.123.489	101.147.116	39.955.736	32.700.218	21.971.501	21.057.293	25.647.737	2.664.360	2.879.818	(49.702.815)	(35.321.253)	**563.320.036**	**464.979.066**
Depreciation and amortisation expense (-)	(270.975.681)	(215.003.568)	(29.935.573)	(17.037.106)	(27.958.423)	(22.062.333)	(32.464.838)	(30.867.828)	(690.061)	(748.819)	(2.694.960)	(600.729)	(5.466.737)	(4.137.624)	**(370.186.273)**	**(290.458.006)**
Finance income	45.565.808	50.495.216	8.557.360	22.787.578	1.034.610	692.134	2.760.357	58.847	66.138	510.805	3.958.561	3.121.085	28.213.440	43.821.811	**90.156.274**	**121.487.476**
Finance costs	(239.532.279)	(210.165.996)	(29.636.129)	(33.391.878)	(31.857.148)	(51.883.060)	(3.522.122)	(5.223.965)	(38.076.845)	(10.747.954)	(1.490.401)	(920.102)	(93.627.447)	(99.740.443)	**(437.742.371)**	**(412.073.398)**

(*) Includes Global Yatırım Holding A.Ş.'s operations.

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5 SEGMENT REPORTING *(continued)*

	1 January- 31 December 2019	1 January- 31 December 2018
Revenues		
Segment revenues	1.446.708.194	1.138.376.004
Elimination of inter-segment revenues	(5.733.899)	(9.936.512)
Consolidated revenues	**1.440.974.295**	**1.128.439.492**

	1 January- 31 December 2019	1 January- 31 December 2018
Consolidated EBITDA	563.320.036	464.979.066
Finance income (Note 30)	80.137.833	93.888.612
Finance cost (Note 31)	(427.620.223)	(384.471.654)
Non-operating income/(expenses) (*)	19.939.174	29.904.674
Depreciation and amortisation expenses (Note 27)	(370.186.273)	(290.458.006)
Consolidated profit/(loss) before income tax	**(134.409.453)**	**(86.157.308)**

	1 January- 31 December 2019	1 January- 31 December 2018
Segment finance income	90.156.274	121.487.476
Elimination of inter-segment finance income	(10.018.441)	(27.598.864)
Total finance income (Note 30)	**80.137.833**	**93.888.612**

	1 January- 31 December 2019	1 January- 31 December 2018
Segment finance cost	(437.742.371)	(412.073.398)
Elimination of inter-segment finance cost	10.122.148	27.601.744
Total finance cost (Note 31)	**(427.620.223)**	**(384.471.654)**

(*) Includes project expenses related to the new acquisitions and public offering of the group companies, impairment loss and revaluation gain, and non-cash other income and expenses.

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6 RELATED PARTY DISCLOSURES

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee
Global MD Portföy Investment Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

Due to related parties

As at 31 December 2019 and 31 December 2018, other current payables to related parties comprised the following:

Other current payables to related parties	31 December 2019	31 December 2018
Mehmet Kutman (*)	7.550.282	12.411.569
Turkcom (**)	4.948.916	18.433.567
Other	977.675	764.265
Total	**13.476.873**	**31.609.401**

(*) TL 8.973.050 portion of the total of amount comprised of the borrowing provided by Mehmet Kutman for financing of the Company. The related interest charge of the borrowing is reflected to the Company at the same rate. As at 31 December 2019, the nominal value amounting to TL 15.080.000 of own shares acquired, which is explained in detail in Note 24, has been lended as a surety of the related borrowing.

(**) The total of amount comprised of the borrowing provided by Turkcom for financing of the Company (EURO 744.131). The related interest charge of the borrowing is reflected to the Company at the same rate. As at 31 December 2019, the nominal value amounting to TL 12.500.000 of own shares acquired, which is explained in detail in Note 24, has been lended as a surety of the related borrowing.

Due from related parties

As at 31 December 2019 and 31 December 2018, current receivables from operations in finance sector-due from related parties comprised the following:

Current receivables from operations in finance sector - due from related parties	31 December 2019	31 December 2018
Turkcom	2.353.656	2.878
IEG Kurumsal Finansal Danışmanlık A.Ş.	1.336.201	1.095.713
Mehmet Kutman	464.841	463.899
Other	146.036	69.937
Total	**4.300.734**	**1.632.427**

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6 RELATED PARTY DISCLOSURES *(continued)*

As at 31 December 2019 and 31 December 2018, other current receivables from related parties comprised the following:

Other current receivables from related parties	**31 December 2019**	**31 December 2018**
Mehmet Kutman [(1)]	9.630.103	9.890.746
Erol Göker [(1)]	2.648.087	235.906
Other	4.481.428	2.433.438
Total [(2)]	**16.759.618**	**12.560.090**

(1) These amounts are related with the personnel and job advances and they are not secured. Interest is charged on advances which are not job advances (Interest rate: 31 December 2019: 13,75 %, 31 December 2018: 19,50%)

(2) The amount excludes the loans provided to key management explained below.

A subsidiary of the Group has provided loans to key management with a limit of USD 10.000.000 and an interest rate of Libor +3,5%, having annual coupon payments and a principal payment at the end of period, which mature on 30 December 2013. The maturity of loan is revised as 31 January 2021 and interest rate is revised as 7,12%. As at 31 December 2019 and 31 December 2018, this receivable has been classified in other receivables from related parties in the balance sheet. As at 31 December 2019, the principal of this loan amounted to USD 5.185.185 and the accrued interest amounted to USD 1.267.386. The total loan amounted to USD 6.452.571 (equivalent to TL 38.329.561) (31 December 2018: USD 9.015.139 (TL 47.427.741)). As at 31 December 2019 and 31 December 2018, the Group classified this receivable as current and non-current receivables. As of 31 December 2019, the Group has recognized these receivables as current and non-current amounting to TL 33.196.055 (31 December 2018: TL 21.078.997) and TL 5.133.506 (31 December 2018: TL 26.348.745), respectively. In addition, as of 31 December 2019, out of other receivables balances of the Group amounting to TL 37.258.995 (USD 6.272.347) (31 December 2018: TL 30.730.899) with a maturity on 31 January 2021. Thereof TL 31.603.108 of those receivables (USD 5.320.209) (31 December 2018: TL 13.658.177) has been classified as current, and TL 5.655.887 (USD 952.138) (31 December 2018: TL 17.072.722) has been classified as non-current receivables.

As at 31 December 2019, in addition to the Group's other receivables from related parties which is amounting to TL 64.799.163, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 81.558.783 (31 December 2018: TL 47.297.264) and non-current other receivables due from related parties amount to TL 52.345.460 (31 December 2018: TL 43.421.466) in the consolidated financial statements.

In addition, as at 31 December 2019, the receivable amounting to TL 41.646.067 from Goulette, which is accounted for using the equity method, has been recognized as non-current receivable from related parties. The interest rate applied on this receivable is 4% with a maturity date on 2025.

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6 RELATED PARTY DISCLOSURES *(continued)*

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consist of the Chairman and members of the Board of Directors, general manager, assistant general managers and directors. The compensation of key management personnel includes wages, premiums and health insurance. As at 31 December 2019 and 2018, the details of compensation of key management personnel comprised the following:

	31 December 2019	31 December 2018
Salaries	33.120.673	26.430.783
Bonuses	4.410.936	2.803.113
Attendance fee	2.485.328	2.698.032
Other	1.633.712	1.179.562
Total	**41.650.649**	**33.111.490**

The Group's interest income resulting the loan provided to key management for the period 1 January-31 December 2019 amounts to TL 18.236.646 (1 January-31 December 2018: TL 12.044.523).

Regarding to the loans used by the Group, there is a personal surety amounting to TL 86.021.758 (31 December 2018: TL 17.271.830) and USD 27.539.598 (31 December 2018: USD 32.517.444), and there is pledge on personal property amounting to TL 32.500.000 (31 December 2018: TL 32.500.000) given by Mehmet Kutman with respect to these loans.

For the year ended 31 December 2019 and 2018, significant transactions with related parties comprised the following:

	1 January-31 December 2019				1 January-31 December 2018				
	Interest Received	Interest Paid	Other Income	Other Expense	Interest Received	Interest Paid	Other Income	Other Expense	Commission for letter of guarantee given
Turkcom (*)	264.331	719.254	6.148	1.086.662	806.344	637.248	-	754.762	-
Mehmet Kutman (*)	2.231.711	3.115.361	2.206	-	1.628.225	1.557.690	6.555	-	350.000
Erol Göker	278.621	-	2.986	-	16.052	-	168	-	-
IEG Global Kurumsal Finansal Danışmanlık A.Ş.	207.222	-	-	-	149.860	-	749	-	-
Global MD Funds	-	-	975.099	-	-	-	970.350	-	-
Total	**2.981.885**	**3.834.615**	**986.439**	**1.086.662**	**2.600.481**	**2.194.938**	**977.822**	**754.762**	**350.000**

(*) Includes margin lending and advance interest.

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7 CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, cash and cash equivalents comprised the following:

	31 December 2019	31 December 2018
Cash on hand	899.881	434.947
Cash at banks	424.787.935	492.755.880
-Demand deposits	*285.683.805*	*320.798.028*
-Time deposits	*139.104.130*	*171.957.852*
Receivables from reverse repurchase agreements (*)	38.599.997	-
Other	10.422.439	3.751.442
Cash and cash equivalents	**474.710.252**	**496.942.269**
Blocked deposits (**)	(46.109.194)	(54.402.653)
Cash and cash equivalents for cash flow purposes	**428.601.058**	**442.539.616**

(*) As at 31 December 2019, the interest rate of receivables from reverse repurchase agreement is 9% and maturity on 2 January 2020.

(*) As at 31 December 2019, cash at banks amounting to TL 38.717.746 (31 December 2018: TL 47.706.376) is blocked by relevant banks due to bank borrowings and letters of guarantee. As at 31 December 2019, TL 6.650.000 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by CMB (31 December 2018: TL 5.537.318). As at 31 December 2019 TL 741.448 (31 December 2018: TL 1.158.959) of other cash equivalents are blocked at banks until their maturities. Financial risk with respect to cash and cash equivalents are detailed in Note 34.

As at 31 December 2019 and 31 December 2018, maturities of time deposits comprised the following:

	31 December 2019	31 December 2018
Up to 1 month	132.782.235	171.957.852
1-3 months	6.321.895	-
	139.104.130	**171.957.852**

As at 31 December 2019 and 31 December 2018, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	31 December 2019	31 December 2018
Interest rate range for time deposit - TL	8,00% - 12,50%	%13,25 - %26,00
Interest rate for time deposit - USD	1,50% - 1,90%	%1,25 - %4,00

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8 FINANCIAL INVESTMENTS

As at 31 December 2019 and 2018, the details of financial investments of the Group comprised the following:

Current assets	**31 December 2019**	**31 December 2018**
Financial assets mandatorily at fair value through profit or loss	8.085.225	3.703.871
Other	418.799	378.032
Total	**8.504.024**	**4.081.903**
Non current assets		
Financial assets at fair value through other comprehensive income-equity instruments	8.172.568	5.412.209
Financial assets mandatorily at fair value through profit or loss	-	63.177.001
Total	**8.172.568**	**68.589.210**

The details of the Group's financial assets classified as mandatorily at fair value through profit or loss are as follows:

	31 December 2019	**31 December 2018**
Debt securities (governmental bonds)	144.428	446.017
Equity securities	6.340.786	1.757.844
Investment funds participations	1.600.011	1.500.010
	8.085.225	**3.703.871**

All financial assets mandatorily at fair value through profit/loss are financial assets at fair value through profit/loss. The changes in fair value of these assets are accounted in gain/ (loss) on investing activities, at consolidated statement of profit or loss and other comprehensive income.

All the equity securities included in the financial assets mandatorily at fair value through profit/loss are traded in active markets.

As at 31 December 2019 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2018: TL 9.402).

As at 31 December 2019 and 2018, the letters of guarantee given to BIST, Settlement and Custody Bank, Derivative Market ("VIOP") and the CMB are explained in Note 21.

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8 FINANCIAL INVESTMENTS *(continued)*

	31 December 2019	31 December 2018
Equity instruments unquoted to an active market	8.172.568	5.412.209
Convertible debt instrument (*)	-	63.177.001
Total	**8.172.568**	**68.589.210**

(*) The Group's subsidiary Global Ports Holding Plc formed an exclusive partnership with Dreamlines GmbH ("Dreamlines"). Dreamlines is a cruise tourism oriented online travel agency and operating in 12 countries. The Group has acquired bond in May 2018 that is convertible to the shares of this company in 12 months. The loan was repayable in quarterly instalments starting February 2020 until its final maturity in May 2021. The Group's convertible debt instrument investment was repaid fully as of 1 October 2019, including all interest.

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

	31 December 2019		31 December 2018	
	Share ratio (%)	**Book value**	**Share ratio (%)**	**Book value**
Firefly Systems Inc.	0,52	4.499.951	-	-
Borsa İstanbul A.Ş.	0,08	3.034.508	0,08	3.034.508
Bakü Borsası	4,76	137.594	4,76	137.594
Other	-	500.515	-	2.240.107
Total		**8.172.568**		**5.412.209**

The cost of the shares that are not traded in the organized markets is used to measure the fair value because the management does not have sufficient recent information about the measurement of the fair value.

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9 BORROWINGS

As at 31 December 2019 and 2018, borrowings comprised the following:

Current borrowings	**31 December 2019**	**31 December 2018**
Current bank loans	275.052.263	180.149.679
-TL Loans	*105.809.445*	*79.051.778*
-Foreign currency loans	*169.242.818*	*101.097.901*
Other financial liabilities (*)	29.397.327	-
Total	**304.449.590**	**180.149.679**

Current portion of non-current borrowings	**31 December 2019**	**31 December 2018**
Current portion of non-current bank loans	408.068.230	313.482.436
-TL Loans	*14.127.249*	*13.733.293*
-Foreign currency loans	*393.940.981*	*299.749.143*
Debt securities issued	290.499.189	201.481.710
- TL debt securities	*178.833.171*	*102.557.494*
-Foreign currency debt securities	*111.666.018*	*98.924.216*
Finance lease obligations	23.417.637	32.955.503
Total borrowings	**721.985.056**	**547.919.649**
Lease liabilities (TFRS 16- Note 2.2.1)	15.106.716	-
Total	**737.091.772**	**547.919.649**

Non-current borrowings	**31 December 2019**	**31 December 2018**
Non-current bank loans	1.158.900.729	872.780.252
-TL Loans	*11.797.398*	*31.998.093*
-Foreign currency loans	*1.147.103.331*	*840.782.159*
Debt securities issued	1.398.533.539	1.241.476.833
- TL debt securities	-	*8.244.847*
-Foreign currency debt securities	*1.398.533.539*	*1.233.231.986*
Finance lease obligations	40.685.217	55.680.599
Other financial liabilities (*)	290.989.622	-
Total borrowings	**2.889.109.107**	**2.169.937.684**
Lease liabilities (TFRS 16- Note 2.2.1)	377.876.305	-
Total non-current borrowings	**3.266.985.412**	**2.169.937.684**
Total current and non-current borrowings	**3.915.543.753**	**2.898.007.012**
Total	**4.308.526.774**	**2.898.007.012**

(*) As at 31 December 2019, TL 24.230.076 of current other financial liabilities and TL 285.624.918 of non-current other financial liabilities are related to liabilities of NCP which is explained in Note 18.

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9 BORROWINGS *(continued)*

Maturity profile of non-current bank loans and debt securities issued comprised the following:

Years	31 December 2019	31 December 2018
2020	-	374.681.651
2021	1.932.338.795	1.362.693.523
2022	181.090.379	159.489.242
2023 and onwards	444.005.094	217.392.669
Total	**2.557.434.268**	**2.114.257.085**

Maturity profile of finance lease obligations and lease liabilities comprised the following:

	31 December 2019			31 December 2018		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
Less than one year	43.070.348	(4.545.995)	38.524.353	37.386.669	(4.431.166)	32.955.503
Between one and five years	464.561.099	(45.999.577)	418.561.522	61.335.281	(5.654.682)	55.680.599
Total	**507.631.447**	**(50.545.572)**	**457.085.875**	**98.721.950**	**(10.085.848)**	**88.636.102**

The movement of financial borrowings as of 31 December 2019 and 2018 is as follows:

	2019	2018
Opening balance as at 1 January	**2.898.607.012**	**1.987.975.034**
Included in the scope of consolidation	187.688.447	-
Additions	1.482.619.462	875.127.201
Repayments	(1.274.111.952)	(645.418.025)
Other financial liabilities	320.386.949	-
Lease liabilities (TFRS 16)	403.630.757	-
Repayments related to lease liabilities	(10.647.736)	-
Changes in foreign currency exchange rates	84.678.898	179.907.102
Changes in interest accruals	21.450.954	37.040.816
Currency translation difference	194.223.983	463.974.884
Closing balance as at 31 December	**4.308.526.774**	**2.898.607.012**

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9 BORROWINGS *(continued)*

Loan Type	Company Name	Currency	Maturity	Interest Type	31 December 2019 Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	19.270.009	19.273.986
Bond issued (ii)	Holding	TL	2020	Fixed	28,00%	125.000.000	132.894.728
Bond issued (ii)	Holding	TL	2020	Floating	TR Libor + 4,50%	20.000.000	20.000.000
Bond issued (ii)	Holding	TL	2020	Floating	GDS + 4,25%	25.000.000	25.938.444
Secured loan (iii)	Holding	EURO	2020	Fixed	7,50%	31.257.820	31.817.322
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor +7,35 %	31.424.085	32.460.952
Secured loan (xvii)	Antigua	USD	2026	Floating	Libor + 5,75%	95.663.559	90.278.132
Secured loan (xvi)	Nassau	USD	2021	Fixed	4,50%	95.043.200	95.043.200
Secured loan (xiii)	VCP	EURO	2029	Floating	Euribor + 3%	54.418.445	54.418.490
Secured loan (xviii)	Global Ports Holding BV	EURO	2021	Floating	Euribor + 6,75 %	314.475.867	317.027.217
Secured loan (xii)	Global Ports Europe BV	EURO	2020	Floating	Euribor + 4,60 %	32.255.410	32.323.750
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,125%	1.485.050.000	1.490.925.571
Secured loan	Global Liman	TL	2020	Fixed	26,34%	16.000.000	16.045.930
Secured loan(xiv)	Port of Adria	EURO	2025	Floating	Euribor + 4,25%	133.012.000	133.956.750
Secured loan	Port of Adria	EURO	2020	Floating	Euribor + 3,85 %	4.987.950	5.001.779
Secured loan	Bodrum Liman	TL	2020	Fixed	17,00 - 27,50%	3.040.000	3.528.844
Secured loan	Ege Liman	EURO	2020	Fixed	3,54%	14.120.810	14.475.440
Secured loan	Ege Liman	TL	2021	Fixed	15,84 - 30,60%	3.166.988	3.019.132
Secured loan	Ege Liman	USD	2020	Fixed	4,95%	8.910.300	8.978.200
Secured loan	Ortadoğu Liman	USD	2020	Fixed	3,48 - 5,16%	8.866.012	8.881.690
Secured loan	Ortadoğu Liman	EURO	2020	Fixed	3,00 - 4,56%	3.166.061	3.169.579
Secured loan	Ortadoğu Liman	USD	2020	Fixed	4,60 - 8,50%	60.574.871	61.692.643
Secured loan (xix)	Ortadoğu Liman	EURO	2022	Fixed	2,40 - 5,75%	123.847.473	124.891.245
Secured loan	Ortadoğu Liman	TL	2020	Fixed	12,50 - 26,34%	3.900.000	3.904.688
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor + 2,50%	10.833.220	11.315.726
Secured loan (v)	Naturelgaz	USD	2022	Floating	USD Libor + 5,25%	72.819.434	74.479.945
Secured loan	Naturelgaz	TL	2020	Rotative	-	3.141.241	3.148.489
Secured loan	Straton Maden	TL	2021	Fixed	5,26 - 27,35%	12.988.984	13.034.011
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor + 0,65 - 3,00%	42.628.532	42.491.735
Secured loan	Straton Maden	EURO	2020	Fixed	5,40 - 6,50%	14.499.589	14.499.614
Secured loan	Güney Maden	TL	2020	Rotative	-	20.000.000	20.010.957
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor +4 %	124.203.865	122.877.258
Secured loan (xi)	Malaga Cruise Port	EURO	2025	Floating	Euribor + 1,75%	27.016.135	25.784.975
Secured loan	Tres Enerji	TL	2020	Rotative	-	24.380.000	24.537.135
Secured loan	Tres Enerji	TL	2020	Fixed	16,08 %	104.233	104.274
Secured loan	Tenera Enerji	TL	2020	Rotative	-	20.000.000	20.010.959
Secured loan	Tenera Enerji	TL	2020	Fixed	16%	104.233	104.274
Secured loan	Ra Güneş	USD	2029	Floating	Libor + 8,50%	50.598.624	52.767.744
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor + 5,95%	71.579.456	71.173.230
Secured loan	Mavi Bayrak Enerji	USD	2020	Rotative	-	18.474.022	18.958.845
Secured loan	Doğal Enerji	USD	2024	Floating	Libor + 6,50%	26.959.372	27.780.569
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor + 5,95 - 7,00%	106.923.600	105.897.120
Secured loan	Port Operation Holding	EURO	2037	Fixed	2,75%	3.007.165	3.349.555
Secured loan	Global Menkul	TL	2020	Rotative	-	4.550.000	4.550.000
Secured loan	Pera	TL	2021	Floating	TR Libor +5,00 %	4.157.370	4.180.727
Secured loan	Pera	TL	2021	Fixed	14,50%	4.279.000	4.238.944
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor +6,20%	133.367.974	135.810.153
						3.509.066.909	**3.531.053.951**
Finance Lease Obligations							
Leasing (vii)	Ortadoğu Liman	USD	2020	Fixed	7,35%	1.110.937	1.110.937
Leasing	Ege Liman	USD	2020	Fixed	5,50%	5.857	6.922
Leasing (viii)	Ege Liman	EURO	2020	Fixed	7,75%	2.288.179	2.290.812
Leasing	Straton maden	EURO	2023	Fixed	4,93 - 5,25%	2.292.645	2.292.645
Leasing (x)	Tres Enerji	EURO	2022	Fixed	4,98%	2.720.972	2.720.972
Leasing (x)	Tres Enerji	EURO	2024	Fixed	5,15%	27.307.404	27.307.404
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,13%	10.758.067	10.758.067
Leasing (x)	Tres Enerji	EURO	2023	Fixed	7,00%	11.653.431	11.653.431
Leasing	Mavi Bayrak Doğu	EURO	2022	Fixed	5,25 - 7,50%	3.510.884	3.510.884
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96%	220.647	220.647
Leasing	Edusa Atık Bertaraf	EURO	2021	Floating	Libor + 6,00%	1.778.389	1.778.389
Leasing	Pera	TL	2020	Fixed	13,90%	451.743	451.743
						64.099.155	**64.102.853**
						3.573.166.064	**3.595.156.804**

Global Yatırım Holding A.Ş. And its Subsidiaries

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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 BORROWINGS *(continued)*

					31 December 2018		
Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	17.066.360	17.070.735
Bond issued (ii)	Holding	TL	2019	Floating	GDS + 3,75 %	50.000.000	51.823.237
Bond issued(ii)	Holding	TL	2019	Floating	GDS + 5,25%	14.800.000	15.075.560
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor + 6,70%	4.049.285	4.167.388
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor + 7,35%	85.446.900	88.253.634
Bond issued(ii)	Holding	TL	2019	Fixed	23,00%	15.000.000	15.753.855
Bond issued(ii)	Holding	TL	2019	Fixed	31,00%	15.000.000	15.937.294
Bond issued(ii)	Holding	TL	2020	Floating	GDS + 4,25%	25.000.000	25.971.075
Secured loan (xiii)	VCP	EURO	2029	Floating	Euribor + 2,80%	46.464.638	46.464.638
Secured loan (xviii)	Global Ports Holding BV	EURO	2021	Floating	Euribor +6,75 %	180.840.000	182.179.373
Secured loan (xii)	Global Ports Europe BV	EURO	2020	Floating	Euribor+ 4,6%	58.773.000	58.797.851
Bond issued(iv)	Global Liman	USD	2021	Fixed	8,125%	1.315.225.000	1.316.402.348
Secured loan(xiv)	Port of Adria	EURO	2025	Floating	Euribor + 4,25%	113.401.894	114.198.042
Secured loan	Ege Liman	USD	2019	Fixed	6,50%	1.736.097	1.826.290
Secured loan	Ege Liman	EURO	2020	Fixed	3,54%	25.136.760	25.764.640
Secured loan	Ege Liman	TL	2020	Fixed	15,84 - 18,50%	3.025.433	3.024.519
Secured loan	Ortadoğu Liman	USD	2020	Fixed	3,6 - 6,60%	3.677.109	3.684.301
Secured loan	Ortadoğu Liman	EURO	2019	Fixed	3,40 - 6,00%	3.009.560	3.017.627
Secured loan	Ortadoğu Liman	EURO	2022	Fixed	3,80 - 8,75%	78.260.633	79.628.128
Secured loan	Naturelgaz	EURO	2020	Fixed	10,08%	238.498	238.499
Secured loan	Naturelgaz	TL	2020	Fixed	18,00 - 30,70%	9.452.906	9.886.525
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	14.707.199	15.846.659
Secured loan (v)	Naturelgaz	USD	2022	Floating	USD Libor +5,25 %	87.554.534	88.636.367
Secured loan	Straton Maden	TL	2019	Fixed	24,80 - 33,00%	4.398.385	4.442.448
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor + 0,65 - 3,00%	43.686.012	44.585.173
Secured loan	Straton Maden	EURO	2020	Fixed	5,00%	947.123	947.295
Secured loan	Güney Maden	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor + 4%	134.790.418	131.728.886
Secured loan (xi)	Malaga Cruise Port	EURO	2025	Floating	Euribor + 1,75%	28.647.797	28.079.749
Secured loan	Tres Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tres Enerji	TL	2020	Fixed	16,08%	479.894	479.800
Secured loan	Tenera Enerji	TL	2019	Fixed	33,00%	3.750.000	3.829.794
Secured loan	Tenera Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tenera Enerji	TL	2020	Fixed	16%	479.894	479.800
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor + 5,95%	73.915.665	74.286.363
Secured loan	Mavi Bayrak Enerji	USD	2019	Rotative	-	5.839.599	5.839.599
Secured loan	Doğal Enerji	USD	2024	Floating	Libor +6,50 %	28.651.671	29.043.025
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor + 5,95 - 7,00%	84.174.400	84.024.932
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75%	3.131.030	3.131.030
Secured loan	Pera	TL	2021	Floating	TR Libor + 5,00%	6.928.950	7.078.533
Secured loan	Pera	TL	2021	Fixed	14,50%	5.770.942	5.711.327
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor +6,20 %	139.358.146	142.027.995
						2.792.815.732	**2.809.370.910**
Finance Lease Obligations							
Leasing (vii)	Ortadoğu Liman	USD	2020	Fixed	7,35%	2.802.109	2.802.109
Leasing	Ege Liman	USD	2020	Fixed	5,50%	921.751	921.751
Leasing (viii)	Ege Liman	EURO	2020	Fixed	7,75%	5.947.123	5.947.123
Leasing (ix)	Naturelgaz	USD	2019	Fixed	5,75%	952.234	952.234
Leasing (ix)	Naturelgaz	EURO	2019	Fixed	7,94 - 9,90%	720.279	720.279
Leasing	Straton maden	EURO	2021	Fixed	5,25%	1.337.008	1.337.008
Leasing (x)	Tres Enerji	EURO	2025	Fixed	4,98%	14.771.784	14.771.784
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,13%	17.760.104	17.760.104
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,15%	9.468.325	9.468.325
Leasing (x)	Tres Enerji	EURO	2021	Fixed	5,44%	12.466.154	12.466.154
Leasing (x)	Tres Enerji	EURO	2023	Fixed	7,00%	12.553.461	12.553.461
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5,25%	4.937.276	4.937.276
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96%	334.177	334.177
Leasing	Edusa Atık Bertaraf	EURO	2021	Floating	Libor + 6,00%	2.350.602	2.350.602
Leasing	Pera	TL	2020	Fixed	13,90%	1.313.712	1.313.715
						88.636.099	**88.636.102**
						2.881.451.831	**2.898.007.012**

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9 BORROWINGS *(continued)*

Detailed information related to the significant borrowings of the Group is as follows:

(i) The Company has borrowed amounting to USD 100.000.000 non-current loan with a 5 year maturity and an interest rate of 9,25 % "loan participation notes" issued on 1 August 2007. The principal amount would be paid on maturity and interest would be paid in January and July each year. On the day the loan was issued, a special purpose entity of the Group invested USD 25.000.000 in the notes, which were issued by Deutsche Bank Luxembourg SA. With subsequent repurchases on various dates, the amount of notes owned by the Group reached a nominal value of USD 26.860.300 as at 31 December 2010. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's loan participation notes in accordance with TAS 32 "Financial Instruments: Presentation".

As at 28 December 2011, the Group exchanged the portion of the aforementioned notes amounting to USD 39.333.000 with the new notes issued by the Company having a nominal value of USD 40.119.000, with a maturity date of 30 June 2017 and an interest rate of 11% p.a. Interest will be paid in January and June each year. Thus, as at 31 December 2011, the nominal value of the aforementioned loan participation notes is USD 60.667.000. As of 31 July 2012, the loan participation notes have been closed by repayment of all interest and principal amounts.

The General Assembly of the Bonds Owned by the Bondholders of the CMB on 15 June 2017; it has been decided to extend the market by 30 June 2022, by setting various improvements in favor of the Company, including the reduction of the bond interest to 8%. In addition, a total amount of USD 11.986.000 is paid to the debt holders who demanded the deposit of their treasury deposits and the remaining net debt amount is USD 3.244.000 as at 31 December 2019.

As at 31 December 2019, the portion amounting to USD 10.360.000 of the new notes issued by the Company with a total amount of USD 13.604.000 are the notes held by the Company and its subsidiaries (31 December 2018: USD 10.360.000). As of 6 February 2018 the portion of the shares held by the Group amounting to USD 13.944.600 has been amortized using the "right of sale option". These bonds are available in the accounts of the Group. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's notes issued in accordance with TAS 32 "Financial Instruments". As at 31 December 2019, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 3.244.000 (31 December 2018: USD 3.244.000).

(ii) The Company has issued bonds to qualified investors amounting to TL 14.800.000 with 819 days maturity and an interest rate of GDS+5,25 % on 17 November 2016. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 14 February 2019.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 370 days maturity and an interest rate of GDS+3,75% on 5 January 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 25.000.000 with 735 days maturity and an interest rate of GDS+4,25% on 5 January 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2020.

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 181 days maturity and an interest rate of 23,00% on 13 July 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 176 days maturity and an interest rate of 31,00% on 18 October 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 12 April 2019.

The Company has issued bonds to qualified investors amounting to TL 40.000.000 with 178 days maturity and an interest rate of 28,00% on 11 January 2019. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 8 July 2019.

9 BORROWINGS *(continued)*

The Company has issued bonds to qualified investors amounting to TL 125.000.000 with 186 days maturity and an interest rate of 28,00% on 8 July 2019. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2020.

The Company has issued bonds to qualified investors amounting to TL 20.000.000 with 364 days maturity and an interest rate of TRLIBOR + 4,50 % on 8 July 2019. The interest is paid every three months.

(iii) On 30 January 2015, the Company has borrowed a total of EURO 5.000.000, with an interest rate of Euribor + 6,70 % and maturity on 30 January 2019. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2018 is EURO 671.746. The loan amount was paid on maturity and the loan was closed on 30 January 2019.

On 23 January 2017, the Company has borrowed a total of EURO 21.000.000, with an interest rate of Euribor + 7,35 % and maturity on 23 January 2020. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.725.000 (31 December 2018: EURO 14.175.000). The loan amount was paid on maturity and the loan was closed on 23 January 2020.

On 5 July 2019, the Company has borrowed a total of EURO 5.500.000, with an interest rate of 7,50 % and maturity on 3 July 2020. Interest and principal are paid in October 2019 and July 2020. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.700.000.

(iv) Global Liman has issued bonds by pricing resale gain to qualified investors amounting to USD 250.000.000 with 7 years maturity and 8,125 % coupon rate based on 8,250 % reoffer yield was completed on 14 November 2014. The bond is quoted on Irish Stock Exchange. Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio would not exceed 5,0 to 1. Notwithstanding the foregoing clause (a), the Issuer and any Restricted Subsidiary will be entitled to incur any or all of the following indebtedness;

a) Indebtedness incurred by Global Liman ("the Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5.000.000;

b) Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10.000.000;

c) Additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and (b) Port of Adria Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time under sub-clauses (a) and (b) of this clause does not exceed USD 20.000.000; and provided further, that more than 50% in aggregate principal amount of any Port of Adria Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

Group debt covenants are calculated based on applicable TFRSs as of the time the lease obligations were initially recognized. Therefore, the group debt covenants as at period end have not been affected from the transition to TFRS 16. Management will assess in the future for any new transactions that will be entered into, depending on the nature of them, whether debt covenants' calculations are affected.

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9 BORROWINGS *(continued)*

(v) Naturelgaz has borrowed a total of TL 10.833.220 and USD 12.258.751, with a maturity date of 2022, with an interest rate of TRLibor+2,5 % and USD Libor+5,25% respectively to finance investing activities. Interest and principal are paid every six months. Under this loan agreement, the shares of Naturelgaz amounting to TL 66.000.000 nominal value have been pledged. The Company is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. The principal payments will start 18 months later and will be paid every six months within a certain payment plan. These loans have financial commitments as defined specifically in relation to their respective debt agreements.

(vi) Straton Maden entered into a loan agreement with interest rates of Euribor + 0,65% and Euribor + 3% to finance investing activities. The remaining principal amount of the loan as at 31 December 2019 is EURO 6.409.727 (31 December 2018: EURO 7.247.182).

(vii) On 12 August 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 July 2020 and interest rate of 7,35% for the purchase of a port tugboat.

(viii) On 25 June 2014, Ege Liman has signed a finance lease agreement with an interest rate of 7,75% and expiry in 2020 to finance investments.

(ix) Financial lease agreements signed by Naturelgaz with an interest rate of 9,90% and expiry date of 2019 for the purpose of leasing machinery and motor vehicles.

(x) Finance lease agreements signed by Tres Enerji to finance investments.

(xi) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2024, an interest rate of Euribor+4%. The remaining principal amounts of the loans as at 31 December 2019 are EURO 18.675.588 (31 December 2018: EURO 22.360.720). There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 130.620.178) (31 December 2018: EUR 19.640.360) and Creuers shares amounting to EURO 1.863.138 (TL 12.390.986) (31 December 2018: EUR 1.863.138) related to this loan.

On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 with an interest rate of Euribor+1,75% for a new terminal construction. The loan is a nonrecourse loan which has a 15 year maturity and 18 months non-refundable right effective from the term of the agreement related with Euribor conditions. Malaga Port has guaranteed repayment of principal and interest amounts of the loan by mortgaging its concession right. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.062.210 (31 December 2018: EURO 4.752.455).

(xii) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a six-year term, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, in May and November each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.850.000 (31 December 2018: EURO 9.750.000).

(xiii) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor+3% (31 December 2018: + 3%) per annum and are secured by a mortgage over tangible assets amounting to EURO 19.828.200 (TL 131.869.427 TL) (31 December 2018: TL 46.464.638).

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9 BORROWINGS *(continued)*

(xiv) Port of Adria entered into a loan amounting to EURO 20.000.000 (31 December 2018: EURO 18.812.524) on 18 May 2018 with a maturity date on 2025, an interest rate of Euribor+4,25% to finance investing activities. Under this loan agreement, there are pledges amounting to EURO 10.054.887 over property, plant and equipment and EUR 41.292.300 (TL 274.618.570) over the shares of Port of Adria owned by the Group.

(xv) Global Ticari Emlak entered into a loan amounting to USD 34.640.000 with an interest rate of Libor+6,20% to finance construction of Van AVM. The interest is paid every six-month (April and October). The remaining principal amount of the loan as at 31 December 2019 is USD 22.451.765 (31 December 2018: USD 26.489.412).

(xvi) Nassau Cruise Port entered into a local bridge loan financing with Colina Financial Advisors Ltd. ("CFAL") amounting to USD 50 million (USD 16 million was used as of reporting date) in total on 29 December 2019 with a 18 months maturity, and an interest rate of 4,50%. Purpose of this loan agreement is financing of design, construction, operation and maintenance of the cruise port terminal and its associated facilities in Nassau. Principal and interest will be paid at maturity. Under this loan agreement, in the event of default, the entire outstanding principal amount of the loan and all accrued interest shall become immediately due and payable by lenders written consent, subject to standard cure periods, cure rights and other borrower remedies.

(xvii) On 26 September 2019, GPH Antigua entered into a syndicated loan with 6 years maturity and 2 years grace period. Repayment will be made quarterly starting from 31 December 2021, at a principal rate of 2,0835%. Remaining amount (58,33%) will be paid at 31 December 2026. The interest rate of this loan will be Libor + 5,75% prior to new pier completion date and Libor + 5,25% after completion of new pier construction. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

(xviii) Global Ports Holding BV has borrowed a total of EURO 60.000.000 in two tranches to finance purchase of the 5% shares of GPH Plc held by EBRD. The loan has 3 years maturity and interest rate of Euribor + 6,75%. The remaining principal amount of the loan as at 31 December 2019 is EURO 47.285.338 (TL 314.475.867). The shares of GPH Plc amounting to GBP 37.230.508 nominal value (TL 289.523.045), including the shares subject to the purchase, has been pledged to provide security for the loan. The main financial covenant is net financial leverage ratio would not exceed 4,5 to 1 for the subsidiaries and associates operating in port operation segment, which are included in the calculation.

(xix) Ortadoğu Liman entered into a loan agreement with interest rate of 2,40% - 5% and with a maturity date of 2022 on to finance operating activities. The remaining principal amount of the loan as at 31 December 2019 is TL 123.847.473.

A summary of other guarantees with respect to the loans are presented in Note 21.

The details of the foreign currency risk with respect to financial liabilities are presented in Note 34.

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10 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 31 December 2019 and 2018, current trade receivables other than related parties comprised the following:

	31 December 2019	31 December 2018
Receivables from customers	226.908.777	141.146.012
Doubtful receivables	23.443.431	17.898.261
Allowance for doubtful receivables	(23.443.431)	(17.898.261)
Other	2.389.197	2.452.100
Total	**229.297.974**	**143.598.112**

The movement of the allowance for doubtful trade receivables as at 31 December 2019 and 2018 comprised the following:

	2019	2018
Balance at the beginning of the period (1 January)	(17.898.261)	(11.590.377)
Changes in Accounting Policy - TFRS 9	-	(1.966.114)
Allowance for the period	(6.304.997)	(3.734.085)
Cancellation of allowances and collections	4.534.339	1.167.434
Currency translation differences	(3.774.512)	(1.775.119)
Balance at the end of the period (31 December)	**(23.443.431)**	**(17.898.261)**

The expenses related to the allowance for doubtful receivables are presented under impairment losses (gains) and reversal of impairment losses determined in accordance with TFRS 9.

The average maturity of trade receivables arising from port operations is between 30 and 90 days, the average maturity of trade receivables arising from energy generation activities is between 30 and 180 days, the average maturity of trade receivables arising from natural gas sales activities is between 10 and 33 days, the average maturity of trade receivables arising from mining operations is between 30 and 180 days, the average maturity of trade receivables arising from real estate activities is between 30 and 90 days. As at 31 December 2019 and 2018, no maturity difference is applied to customers.

The details of currency risk of the Group's current trade receivables are disclosed in Note 34.

Current trade payables

As at 31 December 2019 and 2018, current trade payables other than related parties comprised the following:

	31 December 2019	31 December 2018
Payables to suppliers	155.321.001	132.191.519
Total	**155.321.001**	**132.191.519**

The details of liquidty risk and currency risk of the Group's current trade payables are disclosed in Note 34.

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11 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 31 December 2019 and 2018, current other receivables other than related parties comprised the following:

	31 December 2019	31 December 2018
Deposits and advances given	50.487.732	34.158.494
Receivables from subsidiaries' and joint ventures' other shareholders	4.259.014	2.902.437
Tax returns	4.474.073	2.138.783
Other	5.211.491	6.100.542
Total	**64.432.310**	**45.300.256**

Other current payables

As at 31 December 2019 and 2018, current other payables other than related parties comprised the following:

	31 December 2019	31 December 2018
Due to subsidiaries' and joint ventures' other shareholders	16.297.209	28.284.770
Taxes payable and others	46.912.559	18.670.871
Deposits and advances received	1.695.012	1.704.358
Other	5.639.518	4.044.126
Total	**70.544.298**	**52.704.125**

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12 RECEIVABLES FROM AND PAYABLES TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 31 December 2019 and 2018, current receivables from operations in finance sector other than related parties comprised the following:

	31 December 2019	31 December 2018
Receivables from customers	62.166.653	36.430.411
Receivables from money market	161.034.136	88.144.477
Deposits and guarantee given	6.021.136	4.047.001
Doubtful receivables	1.227.875	1.228.017
Allowance for doubtful receivables	(1.227.875)	(1.228.017)
Other trade receivables	102.357	35.324
Total	**229.324.282**	**128.657.213**

Current trade payables

As at 31 December 2019 and 2018, current trade payables due to operations in finance sector other than related parties comprised the following:

	31 December 2019	31 December 2018
Payables to money market	186.996.701	94.839.680
Payables to customers	11.826.658	6.145.499
Payables to suppliers	6.209.718	5.110.486
Other	6.985.446	4.672.229
Total	**212.018.523**	**110.767.894**

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13 INVENTORIES

As at 31 December 2019 and 2018, inventories comprised the following:

	31 December 2019	31 December 2018
Properties held for sale (*)	31.389.740	36.423.060
Raw materials (**)	29.317.042	38.873.775
Trading goods	11.447.107	19.164.127
Provision for impairment on inventories	(618.390)	(10.674.141)
Other	13.840.007	9.650.049
Total	**85.375.506**	**93.436.870**

Movements of properties held for sale for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Balance at the beginning of the period (1 January)	36.423.060	57.380.433
Additions	96.996	702.324
Disposals (***)	(5.130.316)	(21.659.697)
Balance at the end of the period (31 December)	**31.389.740**	**36.423.060**

(*) The Group's land classified as inventory transferred from investment property consist of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli. The land is located in Denizli, Plot 6224, and Parcel numbered 1. In addition, the offices of the Sky City Office Project and the apartments in the Sümerpark Houses 3rd Block are included in the properties held for sale.

(**) A significant portion of the raw materials comprised of inventories held by the Group's subsidiaries which operates in energy generation, natural gas sales, and mining.

(***) As at 31 December 2019 disposals amounting to TL 5.130.316 include cost of sales related to Sky City Office (amounting to TL 3.634.006 (31 December 2018: TL 20.474.913)) and Sümerpark Residences (amounting to TL 1.496.310 (31 December 2018: TL 955.032)).

As at 31 December 2019 and 31 December 2018, the mortgage or pledge on the inventory of the Group is explained in Note 21.

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14 PREPAID EXPENSES

Prepaid expenses-current

As at 31 December 2019 and 2018, current prepaid expenses comprised the following:

	31 December 2019	31 December 2018
Prepaid expenses (*)	25.433.361	21.353.980
Advances given (**)	75.026.847	58.757.752
Other	639.937	294.131
Total	**101.100.145**	**80.405.863**

Prepaid expenses-non current

As at 31 December 2019 and 2018, non-current prepaid expenses comprised the following:

	31 December 2019	31 December 2018
Advances given (**)	34.376.946	28.868.939
Prepaid expenses (*)	4.002.993	5.235.947
Other	310.237	558.550
Total	**38.690.176**	**34.663.436**

(*) As at 31 December 2019 and 31 December 2018, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.

(**) As at 31 December 2019 and 31 December 2018, the major part of current and non-currents advances given comprises of advances given for developing projects of the Group for energy, mining and port operation investments.

Deferred income-current

As at 31 December 2019 and 2018, current deferred income comprised the following:

	31 December 2019	31 December 2018
Advances received	10.554.860	7.758.294
Deferred income	1.876.259	933.104
Other	85.862	49.378
Total	**12.516.981**	**8.740.776**

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15 INVESTMENT PROPERTY

As at 31 December 2019 and 2018, investment properties comprised the following:

Investment Properties	1 January 2019	Additions	Valuation gain/(loss) (Note 29.1)	Currency translation differences	31 December 2019
Non-operating investment properties					
- Hospital land in Denizli	15.045.000	-	590.000	-	15.635.000
- Land in Bodrum	1.150.000	-	15.000	-	1.165.000
Operating investment properties					
- Sümerpark Shopping Mall ("Sümerpark AVM")	106.440.000	-	(295.000)	-	106.145.000
- Van Shopping Mall ("Van AVM")	327.500.000	-	35.755.000	-	363.255.000
- School building in Denizli	23.260.000	-	1.460.000	-	24.720.000
Total	**473.395.000**	**-**	**37.525.000**	**-**	**510.920.000**

Investment Properties	1 January 2018	Additions	Valuation gain/(loss) (Note 29.1)	Currency translation differences	31 December 2018
Non-operating investment properties					
- Hospital land in Denizli	13.380.000	-	1.665.000	-	15.045.000
- Land in Bodrum	-	1.150.000	-	-	1.150.000
Operating investment properties					
- Sümerpark Shopping Mall ("Sümerpark AVM")	109.622.100	-	(3.182.100)	-	106.440.000
- Van Shopping Mall ("Van AVM")	235.070.000	-	(335.353)	92.765.353	327.500.000
- School building in Denizli	21.635.000	-	1.625.000	-	23.260.000
Total	**379.707.100**	**1.150.000**	**(227.453)**	**92.765.353**	**473.395.000**

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15 INVESTMENT PROPERTY *(continued)*

Denizli Sümerpark Shopping Mall ("Sümerpark AVM")

	2019		2018	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Denizli Sümerpark AVM ("Sümerpark AVM")	31 December 2019	106.145.000	28 December 2018	106.440.000
		106.145.000		**106.440.000**

Sümerpark AVM, which is the property of Pera GYO, which has been officially opened on 12 March 2011.

As at 31 December 2019, there is an insurance amounting to TL 92.816.660 on Sümerpark AVM (31 December 2018: TL 89.760.600).

As at 31 December 2019 and 2018, Sümerpark AVM is first degree pledged as collateral in favor of a bank amounting to TL 35.000.000.

As of 31 December 2019, the supermarket within the shopping center is registered as the lessee in the land registry records for 12 years.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 31 December 2019, the fair value of the Sümerpark AVM has been determined as TL 106.145.000 by using the income approach method. The income approach method determines the present value of the real estate by capitalizing the future benefits and the net income it brings.

The main assumptions contained in the valuation reports related to the income capitalization method of investment properties are as follows:

Main assumptions used in income capitalization method:

	2019	2018
Discount rate (%)	15,0-12,0	17,5-12,5
Occupancy rate (%)	64 – 75	67,5 – 75
Capitalization rate (%)	5	5
Rent increase rate (%)	12,69-6,87	15,9-9,8

Sensitivity analysis of the investment property is as follows:

		Changes in fair value	
		2019	**2018**
Discount rate			
	1% increase	(7.595.395)	(7.600.316)
	1% decrease	8.325.867	8.329.692
Rent increase rate			
	1% increase	8.493.426	8.409.788
	1% decrease	(7.870.329)	(7.800.132)
Occupancy rate			
	1% increase	1.436.136	1.431.818
	1% decrease	(1.436.136)	(1.431.818)

As at 31 December 2019, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2018: level 3)

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15 INVESTMENT PROPERTY *(continued)*

Van Shopping Mall ("Van AVM")

	2019		2018	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Van AVM	3 February 2020	363.255.000	31 January 2019	327.500.000
		363.255.000		**327.500.000**

Investment properties consist of Van AVM which has completed construction process on 2015 and has been officially opened on 15 December 2016. Van AVM is the property of Global Ticari Emlak, one of the Group companies.

As at 31 December 2019, there is an insurance amounting to TL 95.317.000 on Van AVM (31 December 2018: TL 91.485.509).

As at 31 December 2019 and 2018, Van AVM is first degree pledged as collateral in favor of a bank amounting to USD 50.000.000. In addition, there is a pledge on shares, that owned by the Group, of Global Ticari Emlak amounting to nominal value of TL 38.600.000.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 3 February 2020, the fair value of the Van AVM has been determined as TL 363.255.000 by using the income approach method. The income approach method determines the present value of the real estate by capitalizing the future benefits and the net income it brings. In accordance with the expertise reports dated 31 January 2019, the fair value of Van AVM has been determined as TL 327.500.000 as at 31 December 2018.

The conciliation protocol was signed between the Group and Municipality with respect to withdrawing lawsuits and operating the project based on the decisions of Van City Council and related conciliation commission on 5 July 2014. According to the conciliation protocol, ownership of the property belongs to the Group and the project is started to actualize based on the fulfillment of the certain conditions specified in the protocol (Note 23).

As at 31 December 2019, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2018: level 3)

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15 INVESTMENT PROPERTY *(continued)*

School and Land

	2019		2018	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Denizli Land (Hospital)	3 February 2020	15.635.000	31 January 2019	15.045.000
School building in Denizli	3 February 2020	24.720.000	31 January 2019	23.260.000
		40.355.000		**38.305.000**

These land plots of the Group in Denizli include the plots on which the investments made on them and are located in Denizli Sümer Mahallesi. The land plot, located in Denizli, Plot # 6224 Parcel # 1 is allocated to a residential flat project. This plot has been transferred to inventory in 2011 as the construction of the residential units' project started in 2011. The land plots, located in Denizli, Plot #6227 Parcel 1 and Plot #6225 Parcel 1 will include the hospital and hotel projects.

As at 31 December 2019, the fair values of these land plots have been determined by market approach method according to the valuation reports dated 3 February 2020 prepared by an independent real estate appraisal company, which has the authorization license of CMB.

As at 31 December 2018, the fair values of these land plots have been determined according to the valuation reports dated 31 January 2019 prepared by an independent real estate appraisal company, which has the authorization license of CMB.

The Group has made a lease agreement with Final Okulları to operate a school building on the land plot of the Group located in Denizli #6225 Parcel 1 with respect to Sümerpark Multicomponent Project which functions as a shopping mall, flats, a hospital, a hotel and a school and carried out by one of the subsidiary of the Group, in Denizli. According to the agreement, Final Okulları has a right to operate on the land plot mentioned above as a school for fifteen years. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms.

As at 31 December 2019, the fair value of investment properties is in the scope of level 2 based on the methods used for valuation. (31 December 2018: level 2)

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16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the year ended 31 December 2019 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2019										
Cost	31.234.659	52.202.839	133.827.587	621.264.781	141.388.362	150.635.045	421.144.927	5.414.171	137.754.553	**1.694.866.924**
Accumulated depreciation	-	(4.009.497)	(18.799.333)	(164.748.398)	(67.529.691)	(60.014.402)	(93.619.646)	(1.150.104)	-	**(409.871.071)**
Carrying value	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**
Additions	537.196	488.782	221.376	43.808.400	13.203.941	15.269.134	17.707.631	83.897	77.375.924	**168.696.281**
Current period depreciation	-	(2.246.879)	(4.477.504)	(65.321.888)	(20.028.442)	(10.742.545)	(29.993.153)	(194.963)	-	**(133.005.374)**
Disposals	-	-	-	(14.996.950)	(2.681.939)	(94.869)	(8.739)	-	(12.098.002)	**(29.880.499)**
Transfer (i)	-	19.151.933	1.895.289	144.633.168	31.351	10.887.018	4.672.510	(4.487.689)	(179.158.579)	**(2.374.999)**
Foreign currency translation differences	2.873.074	4.695.116	9.813.588	55.524.913	9.132.632	2.259.767	35.903.798	474.792	4.179.819	**124.857.499**
Additions to the scope of consolidation (ii)	-	148.885	-	359.952	105.212	716.931	39.856.823	-	3.446.789	**44.634.592**
Carrying value at the end of the period	**34.644.929**	**70.431.179**	**122.481.003**	**620.523.978**	**73.621.426**	**108.916.079**	**395.664.151**	**140.104**	**31.500.504**	**1.457.923.353**
31 December 2019										
Cost	34.644.929	76.687.555	145.757.840	850.594.264	161.179.559	179.673.026	519.276.950	1.485.171	31.500.504	**2.000.799.798**
Accumulated depreciation	-	(6.256.376)	(23.276.837)	(230.070.286)	(87.558.133)	(70.756.947)	(123.612.799)	(1.345.067)	-	**(542.876.445)**
Carrying value	**34.644.929**	**70.431.179**	**122.481.003**	**620.523.978**	**73.621.426**	**108.916.079**	**395.664.151**	**140.104**	**31.500.504**	**1.457.923.353**

(i) The amount of 2.374.999 is classified to rights under intangible assets.

(ii) On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

As at 31 December 2019, the insurance amount on tangible assets is TL 2.179.579.661 (31 December 2018: TL 1.981.135.841).

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16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Movements of property, plant and equipment for the year ended 31 December 2018 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2018										
Cost	19.521.753	36.834.208	108.784.107	347.492.914	116.221.102	137.005.665	319.111.390	3.722.180	144.389.520	**1.233.082.839**
Accumulated depreciation	-	(2.308.502)	(14.768.690)	(115.635.594)	(49.149.475)	(50.595.745)	(69.753.503)	(636.037)	-	**(302.847.546)**
Carrying value	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**
Additions	5.096.554	4.605.526	199.549	37.191.639	4.601.071	7.740.473	7.646.967	589.060	145.709.959	**213.380.798**
Current period depreciation	-	(1.700.995)	(4.030.643)	(49.112.804)	(18.380.216)	(9.418.657)	(23.866.143)	(514.067)	-	**(107.023.525)**
Disposals	(299.000)	-	-	(1.038.591)	(131.522)	(47.223)	(26.381)	-	(705)	**(1.543.422)**
Transfer	(20.589)	-	-	144.977.102	(1.455.245)	776.309	12.552.654	97.012	(157.375.715)	**(448.472)**
Foreign currency translation differences	6.935.941	10.763.105	24.843.931	92.641.717	22.152.956	5.159.821	81.860.297	1.005.919	5.031.494	**250.395.181**
Carrying value at the end of the period	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**
31 December 2018										
Cost	31.234.659	52.202.839	133.827.587	621.264.781	141.388.362	150.635.045	421.144.927	5.414.171	137.754.553	**1.694.866.924**
Accumulated depreciation	-	(4.009.497)	(18.799.333)	(164.748.398)	(67.529.691)	(60.014.402)	(93.619.646)	(1.150.104)	-	**(409.871.071)**
Carrying value	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**

Mortgage and pledges related to property plant and equipment are presented in Note 21.

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16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

According to the Transfer of Operational Rights Agreements ("TOORA") of Ege Liman, Port of Bar, Barcelona Port, VCP and Ortadoğu Liman, subsidiaries of the Group and the Build-Operate-Transfer ("BOT") tender agreement of Bodrum Liman, at the end of the agreement periods, fixed assets with their capital improvements will be returned as running, clean, free of any liability and free of charge.

Pledges on the property, plant and equipment related to loans are presented in Note 21.

Other mortgage and pledges related to property plant and equipment are presented in Note 21.

As at 31 December 2019 and 2018, the carrying values of the leased assets in property, plant and equipment are as follows:

	31 December 2019	31 December 2018
Furniture and fixtures	32.910	236.647
Motor vehicles	64.571.545	69.037.166
Machinery, plant and equipment	105.171.198	50.665.457
Land improvements	3.999.543	3.999.543
	173.775.196	**123.938.813**

17 RIGHT OF USE ASSETS

Movements of right of use assets for the year ended 31 December 2019 is as follows:

	Right of use assets	Others	Total
Carrying value as at 1 January	**317.374.303**	**19.347.750**	**336.722.053**
Additions	27.394.302	1.168.929	28.563.231
Additions to the scope of consolidation	124.744.200	-	124.744.200
Current period depreciation	(12.261.924)	(9.494.611)	(21.756.535)
Currency translation differences	33.843.011	346.935	34.189.946
Carrying value as at 31 December	**491.093.892**	**11.369.003**	**502.462.895**

Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

As of 31 December 2019, the carrying amount of TL 491.093.892 comprised the right of use assets related to port concession agreements and the carrying amount of TL 11.369.003 are classified as right of use asset of office, vehicle, facility etc.. The transition effect of the Group's accounting in accordance with TFRS 16 Leases is explained in Note 2.2.1.

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18 INTANGIBLE ASSETS AND GOODWILL

a) Other Intangible assets:

Movements of other intangible assets for the year ended 31 December 2019 is as follows:

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	Naturel gas licenses	Other intangible assets	Total
1 January 2019								
Cost	13.523.590	8.487.412	3.114.486.169	16.269.876	199.608.124	78.264.741	15.528.394	**3.446.168.306**
Accumulated amortization	(7.401.410)	(4.861.766)	(1.058.065.141)	(13.262.734)	(102.816.593)	(16.570.919)	(1.802.959)	**(1.204.781.522)**
Carrying value	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**
Additions	2.480.415	553.112	2.734.171	-	-	-	2.466.356	**8.234.054**
Current period amortization	(2.196.771)	(1.375.645)	(181.535.549)	(1.860.243)	(23.710.610)	(3.031.452)	(1.714.094)	**(215.424.364)**
Transfers	2.374.999	-	(1.847.227)	-	-	-	-	**527.772**
Diposals	-	-	-	-	-	-	(119)	**(119)**
Additions to the scope of consolidation (i)	-	74.514	412.932.344	-	-	-	-	**413.006.858**
Foreign currency translation differences	662.434	228.454	227.956.080	299.882	8.865.659	-	1.425.705	**239.438.214**
Carrying value at the end of the period	**9.443.257**	**3.106.081**	**2.516.660.847**	**1.446.781**	**81.946.580**	**58.662.370**	**15.903.283**	**2.687.169.199**
31 December 2019								
Cost	23.618.260	9.402.706	3.630.694.689	14.830.391	222.411.947	78.264.741	21.603.246	4.000.825.980
Accumulated amortization	(14.075.897)	(6.296.625)	(1.114.033.842)	(13.383.610)	(140.465.367)	(19.602.371)	(5.799.068)	(1.313.656.780)
Carrying value	**9.542.363**	**3.106.081**	**2.516.660.847**	**1.446.781**	**81.946.580**	**58.662.370**	**15.804.178**	**2.687.169.200**

(i) On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

a) Other Intangible assets *(continued)*

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	Naturel gas licenses	Other intangible assets	Total
1 January 2018								
Cost	12.929.592	7.570.018	2.262.210.693	11.073.587	144.210.144	78.234.741	9.912.189	**2.526.140.964**
Accumulated amortization	(10.844.913)	(3.194.189)	(636.679.014)	(7.528.202)	(54.838.031)	(13.553.303)	(393.783)	**(727.031.435)**
Carrying value	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**64.681.438**	**9.518.406**	**1.799.109.529**
Additions	4.626.448	272.834	10.803.456	-	-	30.000	4.692.907	**20.425.645**
Current period amortization	(852.599)	(1.362.694)	(152.334.760)	(1.621.213)	(21.151.810)	(3.017.616)	(3.093.789)	**(183.434.481)**
Transfers	448.472	-	-	-	-	-	-	**448.472**
Diposals	(108.346)	-	-	-	-	-	-	**(108.346)**
Foreign currency translation differences	(76.474)	339.677	572.420.653	1.082.970	28.571.228	-	2.607.911	**604.945.965**
Carrying value at the end of the period	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**
31 December 2018								
Cost	17.819.692	8.182.529	2.845.434.802	12.156.557	172.781.372	78.264.741	17.213.007	3.151.852.700
Accumulated amortization	(11.697.512)	(4.556.883)	(789.013.774)	(9.149.415)	(75.989.841)	(16.570.919)	(3.487.572)	(910.465.916)
Carrying value	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**

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18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

Port Operating Rights

The details of Port operation rights for the years ended 31 December 2019 and 2018 are as follows:

	As at 31 December 2019		As at 31 December 2018	
	Net book value	Remaining Amortization Period	Net book value	Remaining Amortization Period
Barcelona Port	596.087.262	126 months	592.643.995	138 months
Malaga Cruise Port	67.718.280	152 months	64.709.070	164 months
Valletta Cruise Port	364.128.320	563 months	337.076.385	575 months
Port of Adria	116.564.545	288 months	110.052.767	300 months
Ortadoğu Liman	856.564.960	104 months	845.942.198	116 months
Ege Liman	66.767.848	159 months	63.546.411	171 months
Bodrum Liman	15.783.111	579 months	12.868.161	591 months
Nassau Cruise Port	406.832.418	332 months	--	--
Cagliari Terminali Passeggeri S.r.l.	13.074.380	84 months	15.198.740	96 months
Catania Terminali Passeggeri S.r.l.	12.908.055	96 months	13.225.903	108 months
Ravenna Terminali Passeggeri S.r.l.	231.668	12 months	1.157.398	24 months

All port operating rights have arisen as a result of TFRS 3 Business combinations, except BPI, Port Operation Holding S.r.l and Nassau Cruise Port, which arose as a result of applying TFRS Interpretation 12. Each port represents a separate CGU as per TAS 36.

Port operating rights of Nassau have been created by discounted cash outflows of fixed payments related to the future concession fees payable to the government and future payments to local organization (in substance payments to obtain the rights) in accordance with the concession agreement. The discount rate used is a risk-adjusted rate that matches the duration of concession term and currency of the cash flows. As these payments are contractually agreed simultaneously with the port operating rights with an interest rate of 2,04% and 2047 maturity, an equivalent long-term financial liability of USD 48.083.000, short term financial liability of USD 4.079.000 has been created.

Project expenses directly attributable to the creation of the port right of USD 7.125.000 have also been capitalized as part of the port operating rights.

18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

Recoverability of intangible assets

The recoverable amount of the CGU relating to the Ortadoğu Liman was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of TL 1.342.485.200 (USD 226.000.000) and no impairment loss during 2019 (2018: nil) was recognized.

The key assumptions are the expected growth rate in container volume of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11,24% was used for discounting future cash flows to the reporting date. The growth in container operations was forecasted at 2,2 % average per annum until end of concession. General Cargo has been assumed to recover back to 2017 levels in 2023 and no growth has been forecasted for the remaining life of concession.

9 years of cash flows were included instead of 5 years plus terminal value as the life of the rights determined in the concession agreement. The growth is forecasted based on the historical information, management knowledge on the business and meetings made with customers for 2020. Future growth expectations forecasted based on the average growth rate expectation of containerized products and Country growth forecast made by World Bank.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 14,8%.

Management has identified that a reasonably possible change in the number of container cargo or the discount rate could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be equal to the carrying amount if the cash flow has produced with a post-tax discount rate of 18,5% per annum was used.

The low performance in Port of Adria is related to non-recurring project-based revenues in 2018. When these revenues are being excluded, core operations showed a better performing year compared to last year.

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18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

b) Goodwill:

During the years ended 31 December 2019 and 2018, movement of goodwill is as follows:

	2019	2018
Carrying value as at 1 January	**89.785.343**	**71.986.732**
Currency translation differences	9.159.366	17.798.611
Carrying value as at 31 December	**98.944.709**	**89.785.343**

During the years ended 31 December 2019 and 2018, the distribution of goodwill is as follows:

Distribution by segments	31 December 2019	31 December 2018
Port Operations	80.094.924	70.935.555
Finance	12.137.491	12.137.491
Real Estate	6.712.294	6.712.297
Total	**98.944.709**	**89.785.343**

Port operations

As at 31 December 2019, the Group has carried USD 13.483.540 (TL 80.094.924) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2018: TL 70.935.555).

The recoverable amount of this CGU was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU.

The key assumptions are the expected increase in the number of calls and passengers of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11,26% was used for discounting future cash flows to the reporting date.

The growth in number of passengers was assumed at 26,7% average per annum until 2023, followed by 2% per annum until end of concession. 13 years of cash flows were included in the discounted cash flow instead of 5 years plus terminal values as the life of the rights are determined in the concession agreement.

The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 12% at a market interest rate of 7%. The growth is forecasted based on the nature of the business.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 12,9%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 31.000.000 (2018: USD 23.000.000). Management has not identified any reasonably possible change in the number of passengers or the discount rate could cause the carrying amount to exceed the recoverable amount.

18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

b) Goodwill *(continued)***:**

Finance operations

The Group tested impairment of assets of Global Menkul in order to test the goodwill as at 31 December 2019 and 2018 recognized in the consolidated financial statements. The Group compared the amount of goodwill with the value in use of cash generating unit and has concluded that there is no impairment. These calculations are based on the cash flows derived from the financial budget for five years approved by the management. Cash flows used to calculate value in use are prepared in TL over 5 year budget. 21,8% discounted rate (2018: 22%) is used for discounting future cash flows.

Real estate operations

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.297 as at 31 December 2019 and 2018. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa, from the Government of Northern Cyprus in order to build hotels, villas and apartments for the Holiday Village project on the leased land. As at the reporting date, the construction has not been started on the leased land, because the expropriation studies have not been completed. As at 31 December 2019 and 2018, the fair value of this leased land is obtained from the appraisal reports prepared by an independent real estate appraisal company. The real estate appraisal company, which is authorized by CMB, uses market approach by reference to market prices of similar properties in the market to determine the fair value and concluded that the fair value of the property is TL 14.440.000 (31 December 2018: TL 14.375.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

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19 EQUITY ACCOUNTED INVESTEES

As at 31 December 2019 and 2018, the details of financial information related to equity accounted investees are as follows:

	Effective	Effective	Carrying value	
	voting power	ownership held	31 December 2019	31 December 2018
Assets				
Port of Singapore	40,00 %	15,09 %	43.374.916	39.218.325
Port of Lisbon	50,00 %	28,12 %	56.144.307	48.966.551
Venezia Investimenti Srl (**)	25,00 %	15,22 %	58.298.119	50.108.644
Axel Corporation Grupo Hotelero SL (***)	30,00 %	30,00 %	30.068.749	12.269.390
La Spezia	30,00 %	17,35 %	44.552	211.215
Goulette Cruise Holding (Note 1)	50,00 %	30,43 %	365.783	-
Total Assets			**188.296.426**	**150.774.125**
Liabilities				
IEG (*)	50,00 %	37,50 %	(657.739)	(650.132)
Total Liabilities			**(657.739)**	**(650.132)**
			187.638.687	**150.123.993**

(*) Since the Group will compensate the liabilities of IEG based on the it's shareholding rates, the Group recognized a loss on IEG's financial statements under liabilities related to the equity accounted investees.

(**) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company. As of reporting date the Group consolidates its financial statements as equity accounted investment method.

(***) Aristaeus Limited, a subsidiary of the Group, has acquired 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method (Note 2.1 (f)). As at 31 December 2019, the effective ownership held rate in the company by participating in the capital increase has risen to 30%. (31 December 2018: %15).

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19 EQUITY ACCOUNTED INVESTEES *(continued)*

The financial information that represents summary financial information of 100% of the of the Group's investments accounted for using the equity method as at and for the year ended 31 December 2019 and 2018 are as follows:

31 December 2019	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Income	Expenses	Net Profit/Loss for the period
IEG	593.592	8.875	602.467	(1.917.945)	-	(1.917.945)	4.305	(19.519)	(15.214)
Port of Lisbon	38.514.035	175.027.874	213.541.909	(20.649.354)	(80.603.942)	(101.253.296)	44.412.052	(35.954.055)	8.457.997
Port of Singapore	114.479.876	42.418.805	156.898.681	(31.553.250)	(16.908.142)	(48.461.392)	161.560.602	(100.573.585)	60.987.017
Venezia Investimenti Srl	29.819.386	203.595.096	233.414.482	(222.007)	-	(222.007)	17.315.180	(5.246.501)	12.068.679
Axel Corporation Grupo Hotelero SL	57.994.631	101.904.220	159.898.851	(52.090.524)	(14.049.721)	(66.140.245)	140.963.150	(162.529.337)	(21.566.187)
La Spezia	148.505	-	148.505	-	-	-	-	-	-
Goulette Cruise Holding	81.868.886	-	81.868.886	-	(81.137.320)	(81.137.320)	-	-	-

31 December 2018	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Income	Expense	Net Profit/Loss for the period
IEG	591.406	8.875	600.281	(1.900.545)	-	(1.900.545)	58.865	(164.915)	(106.050)
Port of Lisbon	31.512.992	162.851.948	194.364.940	(18.343.921)	(78.087.918)	(96.431.839)	30.107.901	(23.104.281)	7.003.620
Port of Singapore	114.994.961	17.729.572	132.724.533	(34.678.721)	-	(34.678.721)	138.352.386	(81.464.263)	56.888.123
Venezia Investimenti	15.607.238	184.560.552	200.167.790	(266.787)	-	(266.787)	-	(509.352)	(509.352)
Axel Corporation Grupo Hotelero SL	50.181.929	65.491.634	115.673.563	(20.306.431)	(2.203.122)	(22.509.553)	119.472.478	(115.825.746)	3.646.732
La Spezia	704.050	-	704.050	-	-	-	-	-	-

For the year ended at 31 December 2019 and 2018, the movement of the Group's investments accounted for using the equity method is as follows:

	2019	2018
Balance at the beginning of the period (1 January)	**150.123.993**	**92.588.791**
Shares in profit / (loss) of associates and joint ventures	29.780.093	27.598.541
Currency translation difference	(11.731.899)	29.936.661
Capital increase	19.466.500	-
Balance at the end of the period (31 December)	**187.638.687**	**150.123.993**

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Other provisions

As at 31 December 2019 and 2018, the details of other provisions are as follows:

Other Current Provisions

	31 December 2019	31 December 2018
Provision for lawsuits	12.448.844	6.304.167
Other current provisions	3.452.781	3.549.982
	15.901.625	**9.854.149**

Other Non-current Provisions

	31 December 2019	31 December 2018
Provisions for the purchase of Port of Barcelona (*)	41.138.487	32.286.020
Provisions for the purchase of Port of Adria (**)	-	7.233.600
Provisions for the purchase of Port Operation Holding (***)	5.044.827	7.250.555
Provisions for the purchase of Nassau (****)	61.945.372	-
	108.128.686	**46.770.175**

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (Note 20), the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognized based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.

(**) The restructuring provisions are related to the acquisition of the Port of Adria and are allocated within the scope of the Transfer of Operating Rights Agreement signed between Global Liman and the Government of Montenegro on 15 November 2013. In order to be distributed equally to the concession period provisions were made for the first three years. Starting from the 4th year of the concession period, Port of Adria had an obligation to pay a concession fee to the Government of Montenegro of EURO 500.000 per year until the end of the agreement. As the related concession agreement is classified as lease liabilities in the consolidated financial statements within the scope of TFRS 16, the accrued provision for previous years is cancelled.

20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Other provisions

(***) On 16 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") has signed a contract in connection with the concession right of the Ravenna Passenger Terminal operating expiry on 27 December 2020. RTP is obliged to pay a concession fee to the Port Authority of EURO 86.000 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

On 13 June 2011, Catania Port Authority and Catania Passenger Terminal S.r.l. ("CCT"), reached an agreement on the concession rights of the Catania Passenger Terminal, which will expire on 12 June 2026. CCT is obliged to pay a concession fee to the Port Authority of EURO 135.000 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority signed a contract in connection with the concession right of the Cagliari Cruise Terminal operating expiry on 13 January 2027. CCP is obliged to pay a concession fee to the Port Authority of EURO 44.316 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

(****) As part of agreement between NCP and Government of Bahamas entered in 2019, ancillary contributions will be made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan. Therefore, a provision is provided for ancillary contributions based on the company management's best estimate of these payments.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the amount of right of use assets are equal to the lease liability and the comparative information has not been restated as disclosed in Note 2. An amount equals to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that approach. Therefore, The Group reversed long term provision of Bar Port amounting to TL 7.233.600 according to the calculation of the carrying amount of right of use assets.

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

20.2 Legal issues

There are lawsuits pending that have been filed against or by the Group. These lawsuits primarily include the labor and debt cases. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for those possible earnings and liabilities. The amount of provision that has been accounted for is stated in Note 21.1. The information related with the significant lawsuits that the Group is directly or indirectly a party is as follows:

(i) The Constitutional Court passed a decision on 6 June 2013 governing the cancellation of the phrase "…except for specific arrangements…" included in the Provisional Article 8 that has been added to the Law No: 4706 amending the contractual terms of agreements regarding easement rights or utilization rights concerning the immovable that are fully owned by the state or private properties of the Treasury, the terms of which are shorter than 49 years, to be extended to 49 years starting from the validity of the relevant agreements.

Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz") filed its applications regarding extension of the operation period of the port in accordance with the cancellation decision of the Constitutional Court and the applicable legislation, to the relevant authorities. However, each application was rejected by the authorities. Port Akdeniz filed lawsuit at the competent administrative court.

The case taken to the court by Port Akdeniz had been rejected and the Group lawyers appealed the rejection decision.

The Council of State rejected Port Akdeniz' appeal and upheld the judgment of the lower court relating to Port Akdeniz-Antalya. The Group lawyers applied for rectification of this judgment.

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

20.2 Legal issues *(continued)*

(ii) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. On 4 January 2008 a trustee had been appointed for the subsidiary's management and the subsidiary was therefore excluded from the consolidated accounts. On 2 March 2010, the court decided on return of shares on a free of charge basis to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. Although the decision was overruled the first instance court decision was against the Group and the judgment became final on 3 March 2016. The shares that are subject matter of the case was transferred to a foreign company in the course of court hearings and examinations in 2015. On the other hand, the Group has filed counter claims in order to collect the expenditure made for the purposes of the project against the 4 partners on 21 April 2016. Three of the court claims have been ruled in favor of the Group and the other one is still pending. Group lawyers succeeded in their application to take and impose an interim injunction on company shares of one of the debtors.

(iii) GYH and Global Liman were part of a consortium which participated in the tender process relating to the privatization of İzmir Port. The joint venture in which the Group also attended placed as the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Plaintiffs appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group, on behalf of the joint venture partnership participating in the tender, requested an extension from the PA to complete the privatization by 15 April 2010. The PA granted a 45-day extension on 10 November 2009, permitting the joint venture to complete the privatization by 24 December 2009. Pursuant to the terms of the tender, on 7 January 2010 the PA cancelled the tender and called the USD 15.000.000 bid bond provided by GYH and its joint venture partners during the bid process. On 8 January 2010, the Group deposited USD 6.900.000 in escrow, its portion of the bid bond, and on 12 January 2010 the PA received the bid bond in full from all joint venture partners. Following forfeiture of the bid bond, the Group and its joint venture partners fulfilled all of their obligations to the PA in connection with the tender.

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

20.2 Legal issues *(continued)*

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. The expert, in the report, has the opinion that Group's request was rightful. The defendant, Privatization Administration, made an objection to the Report. Although the latter expert report has also represented in favor of the Group, the Group has requested for correction of the expert report due to insufficient examination. The Court dismissed the lawsuit. The Group have appealed the Court decision. The Court of Appeal rejected the appeal whereupon the Group lawyers have made a request for rectification of the Court of Appeal decision.

Group lawyers initiated a debt recovery procedure for TL 10.128.300, which is TL equivalent of USD 6.890.000 which amounts to USD 6.900.000 Group's portion of the bid bond minus USD 10.000 as described above, against the PA and sent a payment order to the PA. The PA has objected to this payment order.

(iv) On 14 March 2008 the joint venture ("JV") consisting of Energaz (newly titled as Enerya Gaz Dağıtım A.Ş. ("Enerya")) and GYH placed the highest bid USD 1.610.000.000 for the tender relating to the privatization of the shares of "Başkent Doğalgaz Dağıtım A.Ş." owned by the Municipality of Ankara via the block sale method. STFA Yatırım Holding A.Ş. and ABN Amro Infrastructure Capital Management Ltd. (newly named "Eiser Infrastructure Limited") also became members of the JV. Along with other reasons, as the information in relation to Başkent Doğalgaz Dağıtım A.Ş. within the tender specifications was misleading the shares of Başkent Doğalgaz Dağıtım A.Ş. were not transferred to the JV. As the procedure was continuing, the Municipality applied to the guarantor bank to enable the liquidation of the USD 50.000.000 Letter of Guarantee, procured by the Consortium, submitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

The Group filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification. The Group also requested an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the Thirteenth Chamber of Council of State. The Thirteenth Chamber of Council of State rejected the request for a stay for execution. The Group appealed and the Administrative Division of the High Council of the State overturned the rejection on 8 July 2010. At this point, 13th Chamber of Council of State completed the parts which were missed before. Afterwards, 13th Chamber of Council of State dismissed the case and the judgement of dismissal received on 4 August 2014. The decision has been appealed in due of time by the Group lawyers on 2 September 2014. The Chamber of Council of State approved the decision and it was notified on 28 July 2016. Request of rectification has been submitted by the Group lawyers but this request of rectification has been rejected by the Pleanary Session of the Administrative Law Chamber and the court file has returned to the 13th Chamber of Council of State on 21 June 2018. The reasoned decision has been served on the parties and thereby became final.

On 2 July 2009, a decision of the Turkish High Council of Privatization Administration was published in the Official Gazette. Accordingly, the Privatization Administration shall be in charge in order to conduct and finalize the privatization process of the Başkentgaz shares as at the date of the decision as the Municipality could not close the tender in the two years period according to the Law No.4046. Thus, the Turkish Privatization Administration finalized the privatization process of the Başkentgaz shares by means of making several tenders in 2014.

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

20.2 Legal issues *(continued)*

In the meantime Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") initiated an execution process in accordance with the Article 79 of the Collection of the Public Receivables Act No. 6183 against the Municipality. As a precautionary measure, the Group applied to Beyoğlu Commercial Court to prevent the liquidation of the Letter of Guarantee amounting to USD 50.000.000. The court issued a precautionary measure for 15% of the collateral of the Letter of Guarantee which prevented the liquidation. The Municipality raised an objection against the measure, which was rejected by the Court.

Continuing with their precautionary measure, a lawsuit was filed by the Group against the Ankara Metropolitan Municipality and BOTAŞ before the First Chamber of the Beyoğlu Commercial Court claiming to dissolve the discrepancy for the payment of the bid amount and the restitution of the Letter of Guarantee. The court decided that it is not a competent court to conduct the case and that Ankara courts were the most appropriate forum for the litigation. The guarantor bank that provided the Letter of Guarantee requested an intervention in the lawsuit, which was then approved by the Court. The court additionally allowed the plaintiff to file a separate lawsuit against the PA and enabled this separate lawsuit to be combined with the pending lawsuit. Upon this order, the Consortium filed another lawsuit against the PA, as it became the competent authority to conduct the privatization process. The court decided to combine this lawsuit with the pending lawsuit which is behind Ankara 3rd Chamber Commercial Court.

The file has been sent to a three person expert commission for detailed examination on 17 January 2012. Commission declared in their report that the outcome of the Administrative Court case may be a prejudicial question however the Court, has not taken the objections to the Commission report into account and, rejected the case and cancelled the preliminary injunction on the Bid Bond on 26 February 2013. The Bid Bond amounting to USD 50.000.000 has been paid by the Group. The decision has been appealed. As a result of the appeal, the Supreme Court of Appeals acknowledged all objections and reversed the decision in favor of the Group. The defendant Municipality requested for the revision of decision and such revision request has been rejected by the Supreme Court. The file has been sent to Ankara 4th Chamber Commercial Court with the file number 2016/37 and been approved the remittitur and ruled an interim decision to wait the decision of the Chamber of Council of State. Following that the Group lawyers submitted a revocation petition in relation to that there is no reasoning to wait for the decision of the Chamber of Council of State. However, at the hearing held on 31 May 2017, such request of Group lawyers was rejected. The court decided in the hearing dated 27 June 2018 to refer the court file to expert examination. The expert report was in favor of the Group. The court has decided to obtain an expert report from a new experts commission in line with the parties' objections. The new expert report is not submitted to the court file yet. The next hearing is adjourned to 20 May 2020.

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

20.2 Legal issues *(continued)*

Brielfy as at 31 December 2012, the Group allocated provision amounting to USD 50.000.000 (TL 89.130.000) under "provisions" in its consolidated financial statements. The reimbursement of the provisions is accounted for under "other receivables" as "reimbursement of provisions" amounting to USD 24.170.000 (TL 43.085.422) and a net amount of provision and reimbursement of the provision amounting to USD 25.830.000 (TL 46.044.558) is accounted for as provision expense under "finance costs" in the consolidated financial statements. As of 31 December 2013, since the liability have been paid, the receivables amounting to TL 51.586.031 (31 December 2014: TL 38.656.063) accounted as "reimbursement of payments" in the other receivables. As at 31 December 2014, the Group has come to agreement with the other partners of the Consortium, Enerya and STFA, and the related amount has been collected. The difference between the receivable arising from the recourse and the agreed amount has been written off and expensed under finance costs in the amount of TL 9.379.317. As of 31 December 2016, USD 16.670.000 is accounted for under "other receivables" as "reimbursement of provisions". However, the legal process with regards to the other member of the Consortium is still ongoing and yet the Group management considers that collection of the receivables from the other members of the Consortium shall have a positive impact on the process. Although preparations to start legal proceedings abroad with regards to such receivable, in order to speed up the collectability of such receivable which is already in a high chance upon winning the case, based on the precautionary principle, the Group has allocated provision amounting to TL 62.877.573 for the provision to be indemnified which are accounted under the other receivables as "reimbursement of provisions" in the consolidated financial statements as of 31 December 2017.

On the other hand, the Municipality filed a lawsuit against the Company and Enerya before 4th Ankara Commercial Court on the date of 26 March 2013 in request for the compensation for unlawful preliminary injunction. The requested compensation amount is USD 10.000.000, save for the rights to surplus related to lawsuit, request and other damages especially interest income loss of the municipality and damages arising from forced loan, with accruing commercial interest as from 31 December 2008. The lawsuit petition and interim decision related to the lawsuit have been received on 7 May 2013. In the rebuttal petition dated 15 May 2013, the Group's lawyers claimed for nonsuit and requested for awaiting the finalization of the decision of the superior court by reason of the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before 4th Ankara Commercial Court numbered 2010/308 E. and the Thirteenth Chamber of Council of State numbered 2010/920 E. Besides, the Group's lawyers requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. The Court has decided to pend the filing until the decision of the file before the same Court with the file number of 2016/37 detailed above.The lawyers of the Municipality did not attend the hearing on 10th of April 2019 and the Group's and Enerya's lawyers requested the court file to be cancelled until renewed by the Municipality. The court accepted such request and cancelled the court file until renewed. The Municipality did not submit a renewal statement within the legal time period. Consequently, the Group's lawyers requested the court to declare the court claim as not filed and to revoke the preliminary injunction decision on the collateral of the Group. The court decided the court claim as not filed as requested by the Group lawyers, however rejected to revoke the preliminary injunction decision. The Group's Lawyers appealed the unfavorable part of the court decision. The Regional Court accepted the appeal and ordered to revoke the preliminary injunction decision on the collateral of the Group. The Municipality appealed the Regional Court's decision before the Court of Cassation. The Group Lawyers have submitted reply statements against the Municipality's appeal statement. The Group management did recognise any provision related to the case explained above in its consolidated financial statements in accordance with its legal advisors' opinion.

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

20.2 Legal issues *(continued)*

(v) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount. The expert report and the additional report has been received and the parties has raised objections to such reports. In the hearing held on 3 March 2014, it has been decided to be pended the filing until the decision of the file numbered 2010/920 E before 13th Council of State. Since the lawsuit with the file numbered 2010/920 E before 13th Council of State which is regarding the forfeiture of the letter of guarantee has been decided to be pended, interrelation with and the differences from the lawsuit have been indicated in the most recent petition. In the said petition, it has been stated that the decision taken by the Administrative Court has no defect evaluation for the Company; and only has an defect evaluation for the JV, and therefore it has been defended that the interrelation of the parties are different and lawsuit must be approved without making it a pending issue. During the hearing held on 24 February 2016, the Court has removed the pending decision and rejected the lawsuit.The decision of the first instance court is appealed by the Group on 27 May 2016. The Court of Appeal has accepted the appeal and overruled the Court decision on 26 November 2018. The Court will re-examine the court file in accordance with the Court of Appeal decision. At the hearing held on 10 October 2019, the court ruled to abide by the overturning decision of the Court of Appeal and to wait for the result of the 2010/308 E. file (new file number as 2016/37 E.) of Ankara 4th Commercial Court and adjourned the hearing to 13 February 2020. At the hearing held on 13 February 2020, mentioning the case file (2010/308E.) sent by the Ankara 4th Commercial Court to their court was missing, the Court decided to wait the full case file to be received from the Ankara 4th Commercial Court and to decide afterwards whether to send the file to expert commission. The next hearing will be held on 14 May 2020.

(vi) Dağören, one of GYH's subsidiaries made an application to the General Directorate of State Hydraulic Works (the "Administration") to obtain a generation licence for the Dağören Hydroelectric Power Plant ("HEPP").

According to correspondence sent by the Administration dated 18 July 2008, the Administration accepted the application and the generation licence had to be granted by the Energy Market Regulatory Authority ("EMRA"). Subsequently, Dağören completed its licence application to EMRA and EMRA approved the application for a 46 year generation licence on 27 November 2008. Consequently, the Right of Water Usage Agreement was signed and sent to Dağören by the Administration.

On the grounds that the Bilateral Cooperation Agreement ("Agreement") between Turkey and USA is abrogated, which includes the development of Hakkari Dam and Hydroelectric Power Plant ("HEPP") Project located on the upper level of Dağören Regulator and HEPP Project, the Administration refrained from signing the water utilization rights agreement and subsequently notified Dağören, that Dağören Regulator and HEPP Project is also cancelled.

Dağören lawyers filed a lawsuit in the Sixteenth Administrative Court of Ankara to cancel the administrative decision given by the Administration on grounds that EMRA is the only body entitled to give or cancel any production licence; that the Administration has no authorization to cancel a project which is already approved by EMRA; that the Administration has no right to refrain from signing the water utilization rights agreement of any project that is approved by EMRA and the cancellation of Hakkari Dam and HEPP Project is not automatically a reason for the cancellation of the Dağören Regulator and HEPP Project.

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

20.2 Legal issues *(continued)*

The Sixteenth Administrative Court of Ankara decided against Dağören as a matter of public interest and not considering any contradiction against the law. Dağören appealed the verdict to the Council of State declaring that the process conducted by the Administration cannot be lawful as a matter of public interest where it contradicts the express provisions of the law. The Council of State approved the decision of the Court of the First Instance. The Group Lawyers applied for a request of rectification which has been rejected by the Council of State, and thereby the decision of the Court of First Instance became firm. As a result of exhaustion of legal remedies, the Group Lawyers have made an individual application to Constitutional Court on 11 February 2019.

The Group also also filed a full remedy action against the Administration for the recovery of damages incurred in respect of HEPP Project before 23th Administrative Court of Ankara with file number 2019/432E on 12 March 2019.

As at 31 December 2017, based on the precautionary principle and according to the current existing situation, the Group has accounted for an impairment provision amounting to TL 50.968.072 for the HEPP license and for the other tangible assets accounted in the consolidated financial statements.

(vii) Raiffeisen Centrobank AG ("Raiffeisen") filed a lawsuit before the 14th Commercial Court of First Instance in request for recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution and the reimbursement of litigation cost, lawyer expense and other compensable expenses by the Group. The Group lawyers submitted a petition and claimed that the conflict causing arbitration process was out of the scope of the conditions of the agreement signed by the parties so the arbitrator was unauthorized and also Group lawyers asserted other reasons to the Court. Afterwards, Raiffeisen submitted a counter petition against Group's declarations and the Group lawyers submitted rebuttal petition dated 6 July 2015 together with the legal opinion prepared by Prof. Dr. Cemal Şanlı. The Court without holding a hearing made an examination on 12 June 2015 and decided upon that preliminary hearing will be held on 19 November 2015 before the board of the Court. In the preliminary hearing, the copy of registration files of the Company has been requested from the related registry of commerce and granted an extension to Raiffeisen's lawyer for submitting their rebuttal petition against Group's rebuttal petition and legal opinion. Raiffeisen submitted their replies to the file however; this replication has not received yet by the Group. In the hearing held on 10 March 2016, the expert report was submitted to the Court and the parties have raised objections and statements to the report. However, in the hearing held on 02 February 2017, the Court accepted the case and decided to the recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution. The Group lawyers appealed the decision before the Provincial High Court. The Provincial High Court ruled on rescission of the court decision due to short payment of the court claim fee by the claimant. The file has returned to the first instance court and the new hearing is adjourned to 29 November 2018. On the hearing dated 29 November 2018, the Court ordered the claimant to remit the remaining court claim fee amount until the next hearing. Raiffeisen remitted the remaining court fee. At the hearing held on 05 December 2019, the court accepted the court claim and ruled to approve the arbitration award. The reasoned decision is not served to the parties yet.The Group Lawyers shall appeal the court decision upon service of the reasoned decision. The Group has accounted provision amounting to TL 4.147.795 for this lawsuit in its consolidated financial statements in 2014.

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

20.2 Legal issues *(continued)*

(viii) Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2nd Commercial Court of First Instance claiming that the compensation of its damages stemming from the share purchase agreement signed with the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş. The value of the claim was USD 7.958.000 (TL 21.760.355) which was the amount of the advance payment in accordance with the shareholders agreement. The defendants have submitted their rebuttal petition and filed a counter lawsuit for the purpose of compensation of USD 19.000.000 which was an unpaid part of share transfer price of USD 26.958.500. This counter lawsuit has been filed as partial therefore in the first phase; the defendants requested USD 20.000 for share transfer price, TL 25.000 for expenses and lost profit damages, TL 50.000 for the compensation of positive damages stemming from decreasing of share price and USD 40.000 for penal clause. The Group lawyers have submitted the entire petitions to the first lawsuit and counter lawsuit. The expert report was submitted to the Court and the parties submitted their statements to the report in February 2018. In the hearing dated 7 June 2018, the Court has accepted the first lawsuit and ruled that the defendants are jointly and severally liable from and will pay to the Group USD 7.958.000 together with accrued interest as of the court claim date, the Group to return 85% of the Gelis Madencilik Enerji Insaat A.S' shares to the defendants, namely Mustafa Acar, Mehmet Sıddık Balkan and Veysi Gelis, Muhammet Fatih Bahşiş, to concurrent fulfillment of mutual obligations and rejection of the counter lawsuit. The Defendants have applied to Regional Court of Appeal against the Court decision. The Group Lawyers also appealed the Court decision on the ground that the default interest commencement date adjusted by the Court is erroneous. The Group have also commenced enforcement procedure of the Court decision and obtained attachment order over some cash and various company shares, immovables and vehicles. As a result of the settlement negotiations between the Parties, a settlement and release agreement has been signed on 27 March 2019 wherein the defendants have agreed to pay to the Group USD 7.600.000. As per the agreement the shares of Geliş Madencilik have been transferred back to the defendants' nominee in line with the court decision. USD 1.600.000 of the agreed amount has been collected in advance. The Group have obtained various securities for the remaining amount and furthermore, the court decision and enforcement file has been finalised in favor of the Group. The Parties have agreed that remaining amount shall be paid in 4 instalments each to be in the amount of USD 1.500.000 and to be paid in every 3 months. Three instalments have been received. As at 31 December 2019, the Group has accounted other expense amounting to TL 8.410.402 and other income amounting toTL 44.929.820 related to the release agrrement under other other operating income/expense in the consolidated financial statements. The Group have obtained various securities for the remaining amount including the pledge amounting USD 6.000.000 and furthermore, the court decision and enforcement file has been finalised in favour of the Group.

(ix) On 29 April 2019, the Competition Authority notified Ortadoğu Liman, that it has commenced an investigation into Ortadoğu Liman due to an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services. Ortadoğu Liman has engaged legal representation and submitted a full defence against all allegations on 28 May 2019. By law, the Competition Authority has 6 months to prepare an investigation report which can be extended by an additional 6 months. On 16 September 2019, the Competition Authority has notified Ortadoğu Liman that the period for the preparation of the investigation report has been extended to 11 April 2020. At this stage, the claim has not been matured and it depends on the result of the final investigation report to be issued by the Competition Authority by no later than 11 April 2020. Whole process before the Competition Authority may take up to an additional 6 to 12 months (excluding the possibility to file an administrative lawsuit against a negative decision of the Competition Authority).

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

20.3 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 21. Moreover, the Group has the following contingent liabilities:

Ege Liman

The details of the Transfer of Operational Rights Agreement ("TOORA") dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") is stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and PA together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the State Railways, Ports and Airports Construction Company ("DLH") are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced. Bodrum Liman is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

Bodrum Liman also executed an extension on prior Concession Agreement with the General Directorate of National Property on 15 November 2018 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements for an extended period of 49 years starting from 31 December 2019.

Port of Bar

The details of the TOORA dated 15 November 2013, executed by and between Global Liman and Ministry of Transportation and Maritime and Port Administration of Montenegro ("PAM") are stated below:

The contract with respect to acquisition of 62,09 % shares of general freight and cargo terminal of Port of Bar located in Montenegro has been signed on 15 November 2013 after a subsidiary of Group, Global Liman, offered the tender comprised the repair and maintenance of the Port, financing, construction and operating the Port for 30 years and initiated by Ministry of Transportation and Maritime and Port Administration of Montenegro at best, approvals and procedures related to sales transaction was completed on 30 December 2013 which is the Group obtained management and control of the company.

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

20.3 Contingent liabilities *(continued)*

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in Adossat Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals A, B and C together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

Malaga Cruise Port

The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the Terminal Levante of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal Levante together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the of Terminal El Palmeral of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal El Palmeral together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

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

20.3 Contingent liabilities *(continued)*

Valletta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46.197square meters ("sqm"). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities.

A ground rent is payable by Valletta Cruise Port to the Government of Malta. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

Ravenna Passenger Terminal

On 19 December 2009, Ravenna Terminal Passeggeri S.r.l ("RTP") signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of EURO 895.541,67 during the concession period. The repayment of the total amount is presented as EURO 3.000 for the year 2009, EURO 28.791,67 for the year 2010 and the remaining EURO 863.750 overall for the years 2011 to 2020.

Catania Cruise Terminal

On 18 October 2011, Catania Cruise Terminal SRL ("CCT") signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Center. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of EURO 135.000 for each year during the concession period.

Cagliari Cruise Terminal

On 14 January 2013, Cagliari Cruise Port S.r.l ("CCP") signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of EURO 44.316 for each year during the concession period.

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

20.3 Contingent liabilities *(continued)*

Nassau Cruise Port

On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

NCP will invest an amount of USD 250 m in expanding the capacity of the port. Investment amount also includes ancillary contributions made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan.

The construction phase is expected to start in 2020 and is anticipated to be completed within 24 months; once construction has been completed total revenues are expected to be in the range of USD 35-40 m per annum.

A variable fee payment based on the number of passengers will be made to the Port Authority starting from the operations commencement date. Starting from the construction commencement date and until the end of the concession, a minimum fixed fee will be payable to the Port Authority amounting to USD 2 m per annum subject to US CPI adjustment.

Antigua Cruise Port

On 24 October 2019, Antigua Cruise Port Ltd ("ACP") signed a deed with the Government of Antigua&Barbuda by virtue of which the government granted a 25-year concession over the passenger terminal area situated within Antigua Cruise Port. ACP will perform operation and management of a cruise passenger terminal in the area.

Total initial investment in the first 12 months of operation will be between USD 45-50 m, including repayment of the existing bond of USD 21 m, completion of new pier construction and dredging work, and investment into the retail facilities. The Company's cash equity contribution is set at 27,5%, with the balance provided through non-recourse project finance.

A variable fee payment based on the number of passengers will be made to the Port Authority with a minimum fee guarantee. From the 21st year of the concession, ACP will pay a share of its annual revenue annually to the Port Authority.

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

20.3 Contingent liabilities *(continued)*

Legal proceedings in relation to Ortadoğu Liman, Ege Liman and Bodrum Liman's applications for extension of their concession rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatized facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Ortadoğu Liman, Ege Liman and Bodrum Liman to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

After going through legal proceedings, Bodrum Liman's application for the extension of concession term is accepted by the relevant administrative authority. The extension agreement is executed on December 2018 which has extended the remaining concession period to 49 years. The original concession agreement was due to expire in December 2019 and following this new agreement the concession will now expire in December 2067.

Ortadoğu Liman filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State rejected the appeal of Ortadoğu Liman and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending.

Ege Liman filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement against to Ege Liman. The Privatization Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Liman.

In this regard, Ege Liman has submitted an individual application to the Constitutional Court. Constitutional Court has rendered its decision against Ege Liman and the judicial process for the extension of the concession period has been concluded against Ege Liman. Accordingly, upon expiration of the concession period in 2033, Ege Liman will need to participate in the tender for new concession term.

As at and for the year ended 31 December 2019 consolidated financial statements have been prepared assuming the current concession length.

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

20.4 Operating leases

Group as lessee

The Group entered into various operating lease agreements. As at 31 December 2019 and 2018, operating lease rentals are payable as follows:

	2019	2018
Less than one year	5.243.103	22.478.858
Between one and five years	7.600.512	90.336.809
More than five years	2.478.878	719.268.207
Total	**15.322.493**	**832.083.874**

For the year ended 31 December 2019, payments recognized as rent expense are TL 935.831 (2018: TL 19.172.230).

Group as lessor

As at 31 December 2019 and 2018, the future lease receivables under operating leases are as follows:

	2019	2018
Less than one year	19.285.751	28.934.522
Between one and five years	44.156.889	46.226.278
More than five years	40.094.311	43.476.124
Total	**103.536.951**	**118.636.924**

The Group's main operating lease agreements as lessor are the rent agreements of Pera with the lessees of Sümerpark AVM and 6. Vakıf Han, the marina lease agreement of Ortadoğu Liman until 2028 and various shopping center rent agreements of Ege Liman, Bodrum Liman, VCP, Barcelona Port, Malaga Cruise Port, ZIPO and Antigua.

During the year ended 31 December 2019, TL 65.410.491 (2018: TL 62.702.256) have been recognized as rent income in the consolidated financial statements.

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21 COMMITMENTS

As at 31 December 2019 and 2018 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

31 December 2019

		Original Amount		
	TL Equivalent	**TL**	**USD**	**EURO**
A Total amount of GPMs given in the name of its own legal personality	476.977.774	276.725.134	10.200.000	21.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	4.516.250.055	1.343.093.926	247.754.037	255.833.699
C Total amount of GPMs given to be able to conduct ordinary business transactions				
to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**4.993.227.829**	**1.619.819.060**	**257.954.037**	**276.833.699**

31 December 2018

		Original Amount		
	TL Equivalent	**TL**	**USD**	**EURO**
A Total amount of GPMs given in the name of its own legal personality	418.325.017	238.075.837	10.200.000	21.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	3.864.816.070	1.120.125.075	244.986.372	241.513.303
C Total amount of GPMs given to be able to conduct ordinary business transactions				
to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**4.283.141.087**	**1.358.200.912**	**255.186.372**	**262.513.303**

As at 31 December 2019 the ratio of other GPMs given to the Group's equity is 0% (31 December 2018: 0%).

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21 COMMITMENTS *(continued)*

The details of the GPMs (contingent liabilities) given by the Group are presented below:

	31 December 2019	31 December 2018
Given to Energy Market Regulatory Authority (1)	5.869.880	5.266.880
Given for tenders	17.973.217	5.943.900
Given as a guarantee for commercial contracts	40.422.100	40.140.175
Given to Borsa Istanbul	2.012.500	2.012.500
Given to banks	42.619.964	39.626.933
Given to Takasbank	30.525.000	30.525.000
Given to Privatization Administration	33.040.762	2.969.440
Given to supply for natural gas	57.199.613	57.755.562
Given to courts, ministries, Tax Administration	2.570.153	5.449.082
Given to Capital Markets Board	4.576	4.576
Other	83.999.633	61.008.511
Total letters of guarantee	**316.237.398**	**250.702.559**
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	2.854.909.041	2.507.667.814
Pledges on equity securities (3)	1.107.741.947	828.940.266
Sureties given (4)	714.339.443	695.830.448
Total contingent liabilities	**4.993.227.829**	**4.283.141.087**

1) The amounts include the letters of guarantee given by the Group for its subsidiaries operating in energy sector to EMRA.

(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:

As at 31 December 2019, there is a mortgage amounting to TL 120.000.000 and EURO 15.000.000 (TL 99.759.000) over one of the buildings of Global Yatırım Holding A.Ş. (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2018: TL 120.000.000 and EURO 15.000.000).

As at 31 December 2019, there is mortgage on the land of the Group located in Denizli, as collateral of the Group's bank loans amounting to TL 48.500.000 (31 December 2018: TL 48.500.000). Additionally, as at 31 December 2019, there is a mortgage on the land of the Group located in Van, related with the loans utilized by Global Ticari Emlak amounting to USD 50.000.000 (TL 297.010.000) (31 December 2018 : USD 50.000.000 (TL 263.045.000)).

As at 31 December 2019, there is a mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 594.020.000), EURO 117.515.250 (TL 781.546.922) and TL 545.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2018, there is mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 526.090.000), EURO 109.865.000 (TL 662.266.220) and TL 535.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2019, there is a mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in natural gas sector amounting to TL 61.484.205 (31 December 2018: TL 61.484.205)

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21 COMMITMENTS *(continued)*

As at 31 December 2019, there is a mortgage over the property, plant and equipment of Barcelona Port, Ortadoğu Liman, VCP and Port of Adria amounting to EURO 13.493.042 (TL 89.736.825), USD 3.150.000 (TL 18.711.630), EURO 19.828.200 (TL 131.869.427) and EURO 10.054.887 (TL 66.871.032) respectively due to the loans utilized by those companies.

As at 31 December 2018, there is a mortgage over the property, plant and equipment of Barcelona Port, Ortadoğu Liman, VCP and Port of Adria amounting to EURO 13.493.042 (TL 81.336.057), USD 3.150.000 (TL 16.571.835), EURO 7.708.135 (TL 46.464.638) and EURO 9.304.887 (TL 56.089.859) respectively due to the loans utilized by those companies.

(3) Pledges on equity securities:

As at 31 December 2019, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 60.590.040) (31 December 2018: USD 10.200.000 (TL 53.661.180)) and equity shares amounting to TL 9.402 (31 December 2018: TL 9.402) as collateral with respect to ongoing legal proceedings. There are pledges on shares with a nominal value of a subsidiary of Group amounting to TL 289.523.045, on shares of the subsidiaries which operating in port operations amounting to TL 423.951.630, on shares of the subsidiaries which operating in natural gas, mining, energy generation amounting to TL 101.000.000 and on shares of the subsidiaries which operating in real estate development amounting to TL 38.600.000 with respect to the loans obtained by the Group.

As at 31 December 2019, treasury shares amounting to nominal value of TL 39.820.000 (31 December 2018: TL 41.867.229) as mentioned in Note 24.1 has been pledged for loans and debt securities. As at 31 December 2019, there is a blockage of financial investments with a carrying value of TL 144.430 in Takasbank.

(4) Securities given:

As at 31 December 2019, the Group provided surety amounting to EURO 17.295.448, USD 82.609.724 and TL 108.596.056, a total of amounting to TL 714.339.443 (31 December 2018: TL 695.830.448) with respect to loans and lease agreements of subsidiaries of the Group.

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22 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 31 December 2019 and 2018, payables related to employee benefits comprised the following:

	31 December 2019	31 December 2018
Payables to personnel	3.996.802	4.102.152
Social security premiums payable	5.420.186	6.087.411
Other	782.371	690.552
Total	**10.199.359**	**10.880.115**

Provisions for employee benefits

As at 31 December 2019 and 2018, current and non-current provisions for employee benefits comprised the following:

Current provisions

	31 December 2019	31 December 2018
Provision for notice pay and vacations	5.851.009	4.504.014
Other	212.055	41.159
	6.063.064	**4.545.173**

Non-current provisions

Non-current provisions consist of provision for employment termination indemnities. The details of the non-current provisions are as follows:

	31 December 2019	31 December 2018
Provision for employment termination indemnity	14.374.643	10.296.326
	14.374.643	**10.296.326**

The assumptions used to recognize provision for employment termination indemnity are explained below:

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. The amount payable consists of one month's salary limited to a maximum of TL 6.380 for each period of service as of 31 December 2019 (31 December 2018: TL 5.434).

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

For the year ended 31 December 2019 and 2018, the movement of the provision for employment termination indemnity as follows:

	2019	2018
Opening balance (1 January)	10.296.326	7.945.868
Interest for the period	1.097.019	593.961
Service costs	3.213.954	2.721.828
Payments within the period	(1.423.633)	(1.645.791)
Currency translation differences	223.374	401.865
Actuarial gain/losses	967.603	278.595
Closing balance (31 December)	**14.374.643**	**10.296.326**

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23 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 31 December 2019 and 31 December 2018, other current assets comprised the following:

	31 December 2019	31 December 2018
Deferred value added tax (*)	31.912.056	37.736.836
Job and salary advances given to personnel	9.779.128	7.569.375
Income accruals	11.224.406	6.018.017
Other	1.281.683	1.284.997
Total	**54.197.273**	**52.609.225**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

b) Other non current assets

As at 31 December 2019 and 31 December 2018, other non-current assets comprised the following:

	31 December 2019	31 December 2018
Deferred value added tax (*)	2.359.388	2.056.029
Job and salary advances given to personnel (**)	14.326.014	14.491.529
Total	**16.685.402**	**16.547.558**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

(**) As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years. The housing loans were acquired as part of business combinations and recognized at fair value on acquisition date. Subsequent to the acquisition date the loans have been held, at amortized cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgages over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default.

c) Other current liabilities

As at 31 December 2019 and 31 December 2018, other current liabilities comprised the following:

	31 December 2019	31 December 2018
Liabilities related to share repurchase commitment (Note 24.8)	-	82.308.355
Liabilities related with real estate (*)	3.668.000	3.668.000
Expense accruals	17.292.597	12.652.614
Other	2.762.861	2.343.172
Total	**23.723.458**	**100.972.141**

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

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS

24.1 Share capital / Capital adjustments due to cross ownership/ Treasury shares

Share capital:

As at 31 December 2019 the Company's statutory nominal value of paid-in share capital consists of 32.588.840.993 registered shares with a par value of TL 0,01 each. As at 31 December 2018 the Company's statutory nominal value of paid-in share capital consists of 32.588.840.993 registered shares with a par value of TL 0,01 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot = 100 shares).

The issued capital of the Company is TL 325.888.410 and the authorized capital ceiling is TL 650.000.000. The authorized capital ceiling permit given by the Capital Markets Board is valid for the years 2018-2022 (5 years). The shareholder structure of the Company is as follows:

	31 December 2019		31 December 2018	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	26,04%	84.875.163	24,33%	79.301.914
Centricus Holdings Malta Limited	31,25%	101.826.967	31,25%	101.826.967
Erol Göker	0,15%	488.707	0,15%	488.707
Publicly traded other shares (**)	42,56%	138.697.573	44,27%	144.270.822
Total	**100 %**	**325.888.410**	**100 %**	**325.888.410**
Adjustment related to inflation		34.659.630		34.659.630
Inflation adjusted capital		**360.548.040**		**360.548.040**

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

(**) Comprised the nominal number of the repurchased shares 43.126.651 (31 December 2018: 46.572.505 shares).

The Company, as per CMB's approval dated 14 April 2017, the application regarding the capital increase has been approved, and, in line with CMB's same dated resolution, the Board of Directors of the Company has resolved to issue up to 100.000.000 new shares to existing new shareholders, that increase the issued capital of TL 193.500.000 considering the authorized capital ceiling which is TL 650.000.000. Following the completion of the rights issue, with a nominal value of TL 32.388.410 shares have been issued to and subscribed by existing shareholders and unused preemptive rights amounting to TL 67.611.590 have been cancelled.

Following the completion of the rights issue in The Wholesale Market of Borsa Istanbul, 100.000.000 new shares has been issued to and subscribed by Centricus Holdings Malta Limited (F.A.B. Partners LP) on 14 June 2017.

The shares of the Company include privileged shares. The privileges of the (A), (D) and (E) group shares are explained below:

Two of the members of the Board of Directors are chosen among the candidates nominated by the owners of the group (A) shares. One of the members of the Board of Directors is chosen among the candidates nominated by the owners of the group (D) shares and one of them is chosen among the candidates nominated by the owners of the group (E) shares. Each member of the board is chosen by the decision of the majority of the shareholders of the privileged share group that nominated the candidate. All the shareholders have the right to nominate any candidate but, in order to select such candidates for the General Assembly; the nominations should be approved by the group (A) shares before the selection. All the shareholders have the right to nominate for two candidates for the Board. In case that group (D) and group (E) shares cannot nominate any candidate, any shareholder can nominate a candidate.

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

24.1 Share capital / Capital adjustments due to cross ownership/ Treasury shares *(continued)*

Treasury shares

The Company and some of the subsidiaries of the Group repurchased shares of the Company from the capital markets in prior periods. These repurchased shares are called as treasury shares. The shares can be sold back to the market. Profit or loss that arises as the result of the sale of the shares is accounted for under retained earnings in the consolidated financial statements. The shares are accounted for at cost under treasury shares owned by the Company and treasury shares owned by the subsidiaries. Amounts related to these transactions are presented under "Treasury shares owned by the Company" in the consolidated statement of changes in equity. As at 31 December 2019, the Company and the subsidiaries of the Group held 43.126.651 shares of Global Yatırım Holding A.Ş (31 December 2018: 46.572.505 shares), with the cost of TL 137.398.773 (31 December 2018: TL 115.476.802). Those shares have been reclassified as "Treasury shares" under equity.

In accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2019, the Group made provision for the shares owned by the Group amounting to TL 137.398.773 accounted under restricted reserves in the consolidated financial statements (31 December 2018: TL 115.476.802).

24.2 Share premium/discounts

Share premium represents the inflow of cash arising from the sales of shares on market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

24.3 Accumulated other comprehensive income/expense not to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and in no case transferred directly in equity through profit or loss such as following:

a) Gain/Loss on Revaluation and Remeasurement

- *Actuarial gain/(loss) on employee benefits*

Based on the transitional provisions of the TAS 19 standard, starting from 1 January 2012 actuarial gains and losses in accordance with the announcement on the financial statements and footnote formats stated in the Communiqué Serial: II, 14.1 published in the Official Gazette No. 28676 dated 13 June 2013 followed under these accounts.

b) Other Gain/Loss

Special funds

The application filed by Pera, a subsidiary of the Group operating in the real estate segment, to the CMB in relation to permission for a share capital decrease by TL 35.900.000 and simultaneous share capital increase (in cash) by TL 29.000.000, was approved by the CMB on 24 January 2011 in the decision numbered 86-928. The amendment to Article 8 of the Association of Pera was approved by the Extraordinary General Assembly Meeting on 15 February 2011, and the share capital of Pera was decreased to TL 60.100.000. The pre-emptive rights of the existing shareholders were used between 1 March and 15 March 2011 and after that the remaining shares were offered to investors between 1 April and 15 April 2011.

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

24.3 Accumulated other comprehensive income/expense not to be reclassified to profit or loss *(continue)*

Finally, the portion of the new shares, for which the pre-emptive rights were not used, has been purchased by Global Yatırım Holding A.Ş. and the capital increase to TL 89.100.000 was completed. The process was approved by the CMB on 3 May 2011. As a result of the capital increase, a total of TL 29.000.000 has been accounted for as "Special Reserve" by Pera, of this has been reflected in the consolidated financial statements of the Group. As of 31 December 2019 TL 6.510.528 (31 December 2018: TL 11.472.428) has been classified as "Special Reserve" in the consolidated financial statements.

24.4 Other comprehensive income/expense to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and subsequently transferred directly in equity through profit or loss such as following:

a) Currency translation differences

Currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

b) Gain or loss on hedging

Gain or loss on net investment hedge

A subsidiary of the Group, Global Liman's foreign exchange differences arising from foreign currency loans into currency of the related subsidiary's functional currency other than TL which are part of net investments made to its subsidiaries have been considered as hedging instruments and effective portion of them has been recognized in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applied since 1 October 2013 and the Group has recognized loss amounting to TL 86.798.742 for the year ended 31 December 2019 (31 December 2018 :TL 163.278.074 loss) in other comprehensive income within equity.

Gain or loss on cash flow hedge

In order to maintain its position against the change in interest rates, the Group entered into an interest rate swap transaction. The effective portion of the cash flow hedge accounting recognized in other comprehensive income is TL 1.989.967 loss (31 December 2018: TL 815.440 loss).

Within the cash flow hedge transactions, the amount classified from equity to profit or loss, in other words effective portion of changes in the fair value row for the current period is TL 1.461.289 (31 December 2018: TL 528.514) accounted under finance expense in profit or loss.

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

24.5 Restricted reserves

As at 31 December 2019, the Group's restricted reserves are total of TL 141.116.478 (31 December 2018: TL 118.703.224.

As disclosed in Note 24.1, in accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2019, the Group made provision for the shares owned by the Group amounting to TL 137.398.773 accounted under restricted reserves in the consolidated financial statements (31 December 2018: TL 115.476.802).

24.6 Retained earnings / accumulated losses and non-controlling interests

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account.

For the year ended 31 December 2019 the Group entered into sale and purchase transactions of shares in Pera, operating in real estate, and Global Menkul, operating in brokerage, which shares are publicly traded at BIST. As a result of the sale and purchase of Pera and Global Menkul shares by the Group, the effective shareholding rate of the Group in Pera decreased to 22,45% (31 December 2018: 39,56%) and in Global Menkul decreased to 75,00% (31 December 2019: 77,43%). The result of these transactions is recognized under equity and is shown as change in ownership interests in subsidiaries without change in control in Consolidated Statement of Changes in Shareholders' Equity.

24.7 Dividend Distribution

Publicly held companies distribute dividends according to "Dividend Distribution Announcement" numbered II-19.1 and issued by CMB at 1 February 2014. Dividends of companies are distributed based on dividend distribution policy and related regulations approved by General Assembly There is not any minimum rate for distribution in the announcement mentioned-above. Companies distribute dividends according to their prime contracts or dividend distribution policy. In addition, it is possible to pay dividends in equal or different instalments and distribute dividend advance in cash for profit in financial statements.

The Group recognized net loss amounting to TL 45.673.635 for the period 1 January-31 December 2019 (1 January-31 December 2018: TL 106.846.864 net loss) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

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

24.8 Transactions with owners of the Company, recognized directly in equity

The Group has completed the initial public offering ("IPO") of its' port operations ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, shareholder of Global Liman, the company which shares is started to be trading on the London Stock Exchange is owned by Global Liman (89,16% ownership & 49.038.000 shares) (a wholly subsidiary of the GIH) and European Bank for Reconstruction and Development (EBRD) (10,84% ownership & 5.962.000 shares).

The Offer Price has been set at 740 pence per share and 7.826.963 new shares have been issued with the share capital increase. EBRD has sold 2.802.140 shares. Together with the additional shares sale option (724.553 shares), GIH has sold a total of 10.967.532 shares in IPO and continue to own 60,6% of shares of Global Ports Holding Plc indirectly. As of 31 December 2019, the Company's ownership ratio was 60,86% as a result of the share purchase / sales transactions in 2019 (31 December 2018: 56,74%).

Accounting for this transaction is made in accordance with TAS 27 "Consolidated and Separate Financial Statements", paragraphs 30 and 31. According to these paragraphs; changes in the ownership rate of a parent company in the event of a without loss of control despite the change in the ownership of the subsidiary is accounted as equity transactions. In such cases, the carrying values of the non-minority shares or the controlling power and non-controlling interests are adjusted to reflect the changes in their relative shares in the subsidiary. The difference between the amount in which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly accounted in equity and owned by the owners of the parent company.

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25 REVENUE AND COST OF SALES

For the years ended 31 December 2019 and 2018, the Group's gross profit on the basis of operations comprised the following:

Revenue	**1 January-31 December 2019**	**1 January-31 December 2018**
Natural gas revenue	428.354.179	248.227.072
Port operating revenue	668.498.598	601.031.096
Mining revenue	95.951.436	78.153.486
Real estate rent and service revenue	42.460.371	61.131.597
Energy generation and sales revenue	148.525.696	82.979.423
Other	3.658.388	8.516.205
Total	**1.387.448.668**	**1.080.038.879**
Cost of sales		
Cost of natural gas sales and services	(313.775.771)	(193.190.826)
Cost of port operations	(453.170.686)	(373.525.737)
Cost of mining operations	(65.759.169)	(62.325.308)
Cost of energy generation and sales	(145.002.276)	(81.645.383)
Cost of real estate service	(10.317.272)	(24.859.725)
Other	(10.684.165)	(8.587.575)
Total	**(998.709.339)**	**(744.134.554)**
Gross Profit from Non-finance Operations	**388.739.329**	**335.904.325**

Revenues from Finance Operations	**1 January-31 December 2019**	**1 January-31 December 2018**
Agency commissions	27.117.992	27.731.111
Interest received from customers	11.846.216	11.691.200
Portfolio management fees	4.539.066	1.881.084
Gain on sale of marketable securities, net	1.329.122	1.044.259
Other revenue	8.693.231	6.052.959
Total	**53.525.627**	**48.400.613**
Cost of Revenues from Finance operations (-)		
Commission charges	(800.389)	(823.680)
Interest charges from loans delivered to customers	(4.374.654)	(3.919.852)
Total	**(5.175.043)**	**(4.743.532)**
Gross Profit from Finance Operations	**48.350.584**	**43.657.081**
GROSS PROFIT	**437.089.913**	**379.561.406**

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26 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

26.1 Marketing expenses

For the years ended 31 December 2019 and 2018, marketing expenses comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	10.892.655	8.491.673
Depreciation and amortization expenses (Note 16-18)	11.825.256	10.509.135
Export expenses of mining operations	23.522.541	18.272.154
Advertising and promotion expenses	8.089.445	7.591.175
Taxes and duties	6.038.801	3.003.563
Commission expenses of derivative exchange market	1.359.294	1.024.004
Representation expenses	4.355.198	452.704
Stock market participation share	2.753.408	2.285.136
Money market settlement and custody expenses	793.942	615.434
Vehicle expenses	669.657	534.547
Repair and maintenance expenses	1.657.822	702.473
Building management expenses	1.010.029	826.358
Commission expenes	3.158.038	3.634.788
Other	6.461.161	5.109.432
	82.587.247	**63.052.576**

26.2 General administrative expenses

For the years ended 31 December 2019 and 2018, general administrative expenses comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	115.100.770	95.973.094
Consultancy expenses	25.924.651	21.968.460
Travelling expenses	9.378.895	11.768.267
Taxes and duties other than on income	8.674.011	6.037.711
Depreciation and amortization expenses (Note 16-18)	17.088.532	18.115.388
IT expenses	10.050.878	7.437.210
Communication expenses	2.463.459	2.475.194
Building management expenses	3.370.243	2.670.150
Vehicle expenses	4.741.593	4.319.998
Representation expenses	3.504.822	7.922.383
Repair and maintenance expenses	1.732.285	955.776
Other expenses	11.688.140	12.881.489
	213.718.279	**192.525.120**

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27 EXPENSES BY NATURE

For the years ended 31 December 2019 and 2018, the breakdown of personnel, depreciation and amortization expenses comprised the following:

Personnel expenses	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Cost of sales	81.247.289	64.896.480
Marketing expenses	10.892.655	8.491.673
General administrative expenses	115.100.770	95.973.094
	207.240.714	**169.361.247**

Depreciation and amortization expenses	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Cost of sales	341.272.485	261.833.483
Marketing expenses	11.825.256	10.509.135
General administrative expenses	17.088.532	18.115.388
	370.186.273	**290.458.006**

28 OTHER OPERATING INCOME / EXPENSES

28.1 Other operating income

For the years ended 31 December 2019 and 2018, other operating income comprised the following:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Other revenue based on the agreement (Note 20)	44.929.820	-
Other miscalleneous income	-	22.464.595
Foreign currency exchange gain on trade operations, net	14.298.159	18.930.121
Reversal gain/(loss) of provisions (*)	2.907.293	62.620.785
Other income	27.393.124	19.543.135
Total	**89.528.396**	**123.558.636**

(*) As explained in Note 20, as part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities, the Group has an obligation to maintain the port equipment in good operating condition throughout its operating period. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement. During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of TL 58.769.127 was released from the provision in 2018.

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28 OTHER OPERATING INCOME / EXPENSES *(continued)*

28.2 Other operating expenses

For the years ended 31 December 2019 and 2018, other operating expense comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Donations	2.435.806	613.198
Project expenses (*)	30.123.440	46.178.698
Other expense based on the agreement (Note 20)	8.410.402	-
Impairment loss (**)	15.951.180	510.078
Concession fee expense	4.753.551	5.075.264
Other miscalleneous expenses	26.163.780	15.810.072
Total	**87.838.159**	**68.187.310**

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

(**) As at 31 December 2019, the Group has accounted impairment loss related to subsidiaries operating in energy segment amounting to TL 15.951.180 as a result of stock losses caused by fire and flood.

29 INCOME AND EXPENSE FROM INVESTING ACTIVITIES

29.1 Income from investing activities

For the years ended 31 December 2019 and 2018, income from investing activities comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Investment property valuation gain (Note 15)	37.820.000	3.290.000
Gain on sale of financial assets	806.831	736.688
Gain on sale of fixed assets	8.002.566	700.031
Other	860.671	550.098
Total	**47.490.068**	**5.276.817**

29.2 Expense from investing activities

For the years ended 31 December 2019 and 2018, expense from investing activities comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Investment property valuation loss (Note 15)	295.000	3.517.453
Loss on sale of financial assets	65.084	17.288
Loss on sale of fixed assets	-	290.094
Other	6.767	245.740
Total	**366.851**	**4.070.575**

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30 FINANCE INCOME

For the years ended 31 December 2019 and 2018, finance income of the Group comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Foreign currency gain	39.482.975	67.400.175
Interest income	21.347.362	12.567.504
Other interest income (Note 6)	18.236.646	12.044.523
Other	1.070.850	1.876.410
Total	**80.137.833**	**93.888.612**

31 FINANCE COSTS

For the years ended 31 December 2019 and 2018, finance costs of the Group comprised the following:

Recognized in profit or loss	1 January- 31 December 2019	1 January- 31 December 2018
Foreign currency loss	115.441.407	157.130.115
Interest expense on borrowings	275.262.050	209.663.441
Letter of guarantee commissions	5.002.222	3.800.295
Comission expenses	11.486.754	3.552.781
Interest expense on lease liabilities (TFRS 16)	14.976.113	-
Other	5.451.677	10.325.022
Total	**427.620.223**	**384.471.654**

Recognized in other comprehensive income	1 January- 31 December 2019	1 January- 31 December 2018
Gain/(losses) from net investment hedges (Note 24.4)	(85.337.453)	(162.749.560)
	(85.337.453)	**(162.749.560)**

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32 TAX ASSETS AND LIABILITIES

Corporate tax:

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate for each quarter and as at 31 December 2019 is 22% (31 December 2018: 22%).

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April (between private accounting periods with the period in which the fourth month following the closing date 1-25) following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The corporate tax rate in Spain for the 2019 year is determined at 25% (2018: 25%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Losses can be carried forward for offsetting against future taxable income for the next 5 years while it is for up to 18 years in Spain.

Port operations in the Bahamas, Antigua and Barbuda are exempt from corporate tax.

"Law Regarding Amendments on Certain Tax Laws and Other Laws" No.7061 was published in the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the aforementioned Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017. As per the Article 91 of the aforementioned law as well as the provisional Article 10, the corporate tax rate will be increased from the current 20% rate to 22% for tax years 2018, 2019, and 2020 (and for accounting periods started during the relevant year for the entities appointed with special accounting periods). This rate will be applied for the first time in the first temporary tax period of 2018.

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32 TAX ASSETS AND LIABILITIES *(continued)*

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Corporate Tax Law under the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm's-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

Tax exemption of real estate investment trusts

The real estate investment trusts are exempt from corporate tax in accordance with the Corporate Tax Law numbered 5520, 5th Article and the subparagraph (1) d. According to the 15th Article of this law, even when the earnings of the real estate investment trusts are not distributed, they are subject to the withholding tax of 15 %. However, in the scope of the authorization provided by the law to the Council of Ministers, the withholding tax rate to be applied was determined to be zero with the decision of the Council of Ministers numbered 2003/6577.

Tax exemption on maritime operations:

The Turkish International Ship Registry Law, authorized on 16 December 1999, is designed to accelerate the development of the Turkish maritime sector and increase its contribution to the Turkish economy. The law supports the procurement and operation of ships registered on the Turkish International Ship Registry, and yachts registered to the inventory of tourism companies. Income generated through the vessels covered by the law is not subject to income tax and expenses related to these operations are considered as disallowable expenses.

Income withholding tax:

5th Article of Tax Law, numbered 6009 and dated 23 July 2010, and temporary 69th and 61th Articles of tax law, numbered 193 were changed and declared in Official Gazette on 1 August 2010. Accordingly, to be applied onto the 2010 calendar year income, investment incentives that will be subject to the deducted amount shall not exceed 25% of income for the year of interest, while determining the tax base.

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilized in a share capital increase within five years from the date of the sale and the sale amount is collected within two years following the year in which the sale is realized.

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32 TAX ASSETS AND LIABILITIES *(continued)*

Current tax income assets

As at 31 December 2019 and 2018, current tax income assets of the Group comprised the following:

	31 December 2019	31 December 2018
Prepaid taxes and funds	15.947.090	8.946.093
Other	839.523	433.465
Total	**16.786.613**	**9.379.558**

Tax expenses:

For the years ended 31 December 2019 and 2018, tax income/ (expense) comprised the following:

	2019	2018
Current tax charge	(45.306.686)	(38.626.760)
Deferred tax benefit	22.039.695	60.821.809
Total	**(23.266.991)**	**22.195.049**

As at 31 December 2019 and 2018, current tax liability for the period comprised the following:

	2019	2018
Current tax charge	(45.306.686)	(38.626.760)
Taxes paid during period	36.538.646	38.732.304
Total	**(8.768.040)**	**105.544**
Changes in prepaid taxes	7.000.997	(4.198.212)
Income tax payable	**(1.767.043)**	**(4.092.668)**

As of 31 December 2019, the tax payable amounting to TL 17.714.133 (31 December 2018: TL 13.038.761) and the prepaid tax amounting to TL 15.947.090 (31 December 2018: TL 8.946.093) have not been offset since they are subject to different tax legislation.

The tax reconciliation for the years ended 31 December 2019 and 2018 is as follows:

	%	2019	%	2018
Loss before income tax		(134.409.453)		(86.157.308)
Corporate tax using domestic rate	22,00	29.570.080	22,00	18.954.608
Disallowable expenses	(6,78)	(9.109.714)	(14,24)	(12.267.621)
Effect of unrecognized tax losses	(28,08)	(37.744.845)	(2,30)	(1.982.844)
Effect of tax exemption on maritime operations	2,83	3.799.436	5,29	4.558.290
Effect of change in tax rates	(12,58)	(16.906.522)	8,95	7.711.067
Other	5,30	7.124.574	6,06	5.221.549
		(23.266.991)		**22.195.049**

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32 TAX ASSETS AND LIABILITIES *(continued)*

Deferred tax:

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income 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 balance sheet date.

In Turkey the tax legislation does not permit a parent company, its subsidiaries and associates to file a consolidated tax return. Therefore, deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities are not netted and are disclosed separately.

The tax rate used in the calculation of deferred tax assets and liabilities is 22% over the temporary differences expected to reverse in 2018, 2019 and 2020, and 20% over the temporary differences expected to reverse after 2021.

As at 31 December 2019 and 31 December 2018, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	31 December 2019	31 December 2018
Deferred tax assets	131.264.565	127.171.309
Deferred tax liabilities	(549.636.268)	(514.347.238)
Total	**(418.371.703)**	**(387.175.929)**

For the years ending 31 December 2019 and 31 December 2018, the movement of deferred tax assets and liabilities is as follows:

	2019	2018
Balance at the beginning of the year	(387.175.929)	(309.644.296)
Changes in Accounting Policy - TFRS 9	-	432.545
Deferred tax income	22.039.695	60.821.809
Foreign currency translation differences	(53.424.152)	(138.840.313)
Recognized in equity	188.683	54.326
	(418.371.703)	**(387.175.929)**

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32 TAX ASSETS AND LIABILITIES *(continued)*

Deferred tax assets and deferred tax liabilities as at 31 December 2019 and 31 December 2018 are attributable to the items presented in the table below:

	2019		2018	
	Temporary differences	**Deferred tax assets / (liabilities)**	**Temporary differences**	**Deferred tax assets / (liabilities)**
Accumulated tax losses	396.517.130	79.303.426	322.244.645	64.448.929
Receivables	99.832.455	19.966.491	85.140.825	17.028.165
Valuation differences of marketable securities	2.553.075	510.615	2.393.790	478.758
Provisions	10.745.510	2.149.102	8.994.375	1.798.875
Provision for employement termination indemnity	15.812.105	3.162.421	11.325.960	2.265.192
Valuation of derivative instruments	3.598.835	719.767	4.059.405	811.881
Property, plant and equipment, intangible assets and concession intangible assets and right of use of assets	(2.502.461.635)	(500.492.327)	(2.280.096.230)	(456.019.246)
Loans and prepaid commissions of the loans	(7.161.465)	(1.432.293)	(14.413.095)	(2.882.619)
Valuation of investment property	(116.450.300)	(23.290.060)	(80.695.300)	(16.139.060)
Other	5.155.775	1.031.155	5.165.980	1.033.196
		(418.371.703)		**(387.175.929)**

As at 31 December 2019 and 31 December 2018, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

	31 December 2019		31 December 2018	
Expiry years of the tax losses carried forward	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
2019	-	-	884.938	6.840.575
2020	6.515.858	2.790.574	7.605.560	2.721.175
2021	16.882.807	2.191.719	19.226.421	1.954.732
2022	8.407.433	3.057.986	4.490.783	6.932.205
2023	35.780.942	4.469.113	32.241.227	1.589.489
2024	11.716.386	59.855.290	-	-
	79.303.426	**72.364.682**	**64.448.929**	**20.038.176**

Unrecognized deferred tax assets and liabilities

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such losses carried forward expire until 2024. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

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33 EARNINGS/ (LOSS) PER SHARE

For the years ended 31 December 2019 and 2018, basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by weighted average number of shares outstanding.

	1 January- 31 December 2019	1 January- 31 December 2018
Net loss for the period	(130.966.969)	(89.864.325)
Net loss from continuing operations for the period	(130.966.969)	(89.864.325)
Weighted average number of shares	287.637.196	295.444.434
Weighted average number of ordinary shares	287.637.196	295.444.434
Number of shares held by the Group (Note 24.1)	(43.126.651)	(46.572.505)
Weighted average number of shares	244.510.545	248.871.929
Loss per share with par value of TL 1 (TL full)	(0,5356)	(0,3611)
Loss per share of continuing operations with par value of TL 1 (TL full)	(0,5356)	(0,3611)

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the various risks from its use of financial instruments. These are credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The responsibility of setting up and following up of risk management processes belongs to management of the Group.

The risk management policies of the Group were set up according to ascertaining and measuring the risk faced, determining adequate risk limits and monitoring the fluctuations. Risk management policies and systems are reviewed to cover the operations of the Group and changes in market conditions.

34.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial investments.

Management has a credit risk policy in place to monitor the exposure to credit risk on an ongoing basis. The Group has the ability to receive collaterals for its financial assets. Furthermore, the Group obtains letters of guarantee or similar collaterals from third parties for specific agreements and projects, if necessary.

Regarding the credibility of the counterparty, letters of guarantee or advance payments are received as collaterals of trade receivables from port operations. Credit risk resulting from brokerage activities of the Group are managed by the related companies' risk committees through the regulations on credit sales of securities promulgated by the CMB. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations, natural gas sales and financial operations which constitute major part of the Group's operations.

The Group enters into transactions with accredited parties or the parties that an agreement is signed in financial markets. The transactions in the treasury operations are performed by conditional exchanges through custody cash accounts.

As at 31 December 2019 and 2018, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives, in the consolidated balance sheet.

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

34.1 Credit risk *(continued)*

Carrying amounts of financial assets present maximum exposure to credit risk. As at 31 December 2019 and 2018 maximum credit risk exposure is as follows:

31 December 2019	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	229.297.974	138.294.977	229.324.282	77.449.291	463.387.932	563.227	119.182.921	**1.257.500.604**
Portion of maximum risk covered by guarantee	15.838.895	-	-	-	-	-	-	**15.838.895**
A. Net book value of financial assets neither past due nor impaired	218.598.274	137.819.977	229.324.282	77.449.291	463.387.932	563.227	119.182.921	**1.246.325.904**
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	10.699.700	-	-	-	-	-	-	**10.699.700**
Portion of maximum risk covered by guarantee	1.031.565	-	-	-	-	-	-	**1.031.565**
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	**-**
-Past due (gross book value)	23.443.431	-	1.227.875	-	-	-	-	**24.671.306**
-Impairment (-)	(23.443.431)	-	(1.227.875)	-	-	-	-	**(24.671.306)**
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	**-**
-Not past due (gross book value)	-	-	-	-	-	-	-	**-**
-Impairment (-)	-	-	-	-	-	-	-	**-**
-Portion of the net book value covered by guarantee	14.807.331	-	-	-	-	-	-	**14.807.331**
D. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	**-**

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".

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

34.1 Credit risk *(continued)*

31 December 2018	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	143.598.112	92.351.157	124.610.212	62.405.696	492.755.880	824.049	95.196.066	**1.011.741.172**
Portion of maximum risk covered by guarantee	21.402.473	-	-	-	-	-	-	**21.402.473**
A. Net book value of financial assets neither past due nor impaired	119.316.154	92.351.157	124.610.212	62.405.696	492.755.880	824.049	95.196.066	**988.959.224**
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	24.281.958	-	-	-	-	-	-	**24.281.958**
Portion of maximum risk covered by guarantee	1.228.768	-	-	-	-	-	-	**1.228.768**
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	**-**
-Past due (gross book value)	17.898.261	-	1.228.017	-	-	-	-	**19.126.278**
-Impairment (-)	(17.898.261)	-	(1.228.017)	-	-	-	-	**(19.126.278)**
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	**-**
-Not past due (gross book value)	-	-	-	-	-	-	-	**-**
-Impairment (-)	-	-	-	-	-	-	-	**-**
-Portion of the net book value covered by guarantee	20.173.705	-	-	-	-	-	-	**20.173.705**
D. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	**-**

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties.

During the impairment tests of the financial assets, the Group considered the factors which show that the amounts to be collected are not collectible.

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

34.1 Credit risk *(continued)*

The maturity analysis of the assets overdue but not impaired is as follows:

	31 December 2019 Trade Receivables	31 December 2018 Trade Receivables
1 to 30 days overdue	4.235.207	13.711.962
1 to 3 months overdue	2.760.222	3.820.778
3 to 12 months overdue	2.994.984	1.894.147
1 to 5 years overdue	709.288	4.855.072
Total	**10.699.701**	**24.281.959**
Portion of assets secured by guarantee etc.	1.031.565	1.228.768

34.2 Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Current and future loan needs of the Group are supplied by continuous accessibility of sufficient number of high quality creditors for each segment of the Group.

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

34.2 Liquidity risk *(continued)*

31 December 2019

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	1.842.021.222	1.942.049.257	246.967.214	372.094.695	1.134.019.711	188.967.637
Debt securities issued	1.689.032.728	1.711.248.762	161.153.250	147.028.816	1.403.066.696	-
Liabilities due to operations in finance sector	212.018.523	212.018.523	-	212.018.523	-	-
Finance lease obligations	457.085.875	507.631.447	39.009.578	4.060.770	464.561.099	-
Trade payables	155.321.001	146.154.280	27.785.071	118.369.209	-	-
Other payables	94.553.137	94.553.137	75.794.657	8.226.514	10.531.966	-
Derivative Financial Liabilities						
Interest rate swap	2.879.070	3.503.759	-	-	3.503.759	-

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

34.2 Liquidity risk *(continued)*

31 December 2018

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	1.366.412.367	1.446.669.915	172.446.196	340.444.491	763.308.043	170.471.185
Debt securities issued	1.442.958.543	1.777.442.849	84.814.692	72.461.759	1.620.166.398	-
Liabilities due to operations in finance sector	110.767.894	110.767.894	-	110.767.894	-	-
Finance lease obligations	88.636.102	98.721.950	12.830.022	24.556.647	61.335.281	-
Trade payables	132.191.519	132.191.519	28.694.516	103.497.003	-	-
Other payables	106.294.038	106.294.038	73.665.628	10.647.898	21.980.512	-
Derivative Financial Liabilities						
Interest rate swap	3.247.536	3.503.759	-	-	3.503.759	-

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

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

i) Foreign currency risk

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and EURO. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

As at 31 December 2019, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250.404.940 (31 December 2018: USD 250.223.792). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 23.603.730 after tax for the period ended 31 December 2019 (net loss of USD 54.698.888 after tax for the period ended 31 December 2018). In the years ended 31 December 2019 and 2018, USD 5.222.213, USD 17.551.964 respectively was recognized in profit or loss due to hedge ineffectiveness.

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

34.3 Market risk *(continued)*

i) Foreign currency risk (continued)

As at 31 December 2019 and 31 December 2018, foreign currency risk exposures of the Group comprised the following:

31 December 2019					
	TL Equivalent	**USD**	**EURO**	**GBP**	**TL**
1.Trade Receivables	52.395.539	3.337.896	291.067	-	30.631.999
2.a Monetary Financial Assets	261.845.409	2.763.971	17.245.364	3.306.203	105.024.163
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**314.240.948**	**6.101.867**	**17.536.431**	**3.306.203**	**135.656.162**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	15.439.931	1.771.015	299.142	-	2.930.274
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**15.439.931**	**1.771.015**	**299.142**	**-**	**2.930.274**
9. Total Assets (4+8)	**329.680.879**	**7.872.882**	**17.835.573**	**3.306.203**	**138.586.436**
10. Trade Payables	51.891.257	495.648	2.569.019	580	31.856.981
11. Financial Liabilities	323.592.617	29.426.366	21.682.986	-	4.589.251
12.a. Other Monetary Liabilities	25.347.902	768.763	41.112	27.527	20.293.813
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**400.831.776**	**30.690.777**	**24.293.117**	**28.107**	**56.740.045**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.707.017.640	260.208.604	21.071.711	-	21.186.969
16.a. Other Monetary Liabilities	6.339.178	-	-	-	6.339.178
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.713.356.818**	**260.208.604**	**21.071.711**	**-**	**27.526.147**
18. Total Liabilities (13+17)	**2.114.188.594**	**290.899.381**	**45.364.828**	**28.107**	**84.266.192**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Foreign currency derivative assets	-	-	-	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.784.507.715)**	**(283.026.499)**	**(27.529.255)**	**3.278.096**	**54.320.244**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.784.507.715)**	**(283.026.499)**	**(27.529.255)**	**3.278.096**	**54.320.244**
22. Fair Value of Derivative Instruments Held for Hedging	**1.226.086.625**	**206.404.940**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**1.226.086.625**	**206.404.940**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

TL foreign currency risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

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

34.3 Market risk *(continued)*

i) Foreign currency risk (continued)

31 December 2018					
	TL Equivalent	**USD**	**EURO**	**GBP**	**TL**
1.Trade Receivables	25.494.086	2.192.294	27.113	-	13.797.210
2.a Monetary Financial Assets	285.695.040	8.713.252	27.440.377	727.313	69.606.232
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**311.189.126**	**10.905.546**	**27.467.490**	**727.313**	**83.403.442**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	18.308.163	2.273.737	303.300	-	4.517.968
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**18.308.163**	**2.273.737**	**303.300**	**-**	**4.517.968**
9. Total Assets (4+8)	**329.497.289**	**13.179.283**	**27.770.790**	**727.313**	**87.921.410**
10. Trade Payables	44.587.451	317.373	1.040.154	67.273	36.200.181
11. Financial Liabilities	284.766.965	24.318.370	25.689.325	-	1.975.201
12.a. Other Monetary Liabilities	20.862.683	1.278.922	24.902	27.527	13.801.161
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**350.217.099**	**25.914.665**	**26.754.381**	**94.800**	**51.976.543**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.392.925.729	246.701.745	15.701.914	-	401.381
16.a. Other Monetary Liabilities	9.614.004	851.506	-	-	5.134.316
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.402.539.733**	**247.553.251**	**15.701.914**	**-**	**5.535.697**
18. Total Liabilities (13+17)	**1.752.756.832**	**273.467.916**	**42.456.295**	**94.800**	**57.512.240**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Foreign Currency Derivative Assets	-	-	-	-	-
19b. Foreign Currency Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
22. Fair Value of Derivative Instruments Held for Hedging	**1.016.723.538**	**193.260.381**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**1.016.723.538**	**193.260.381**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

TL foreign currency risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

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

34.3 Market risk *(continued)*

i) Foreign currency risk (continued)

Sensitivity Analysis – Foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2019 and 31 December 2018 would have changed equity or profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2019	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability	(168.123.401)	168.123.401	-	-
2- Hedged portion against USD risk (-)	122.608.662	(122.608.662)	-	-
3- Net effect of USD (1+2)	**(45.514.739)**	**45.514.739**	-	-
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(18.308.606)	18.308.606	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(18.308.606)**	**18.308.606**	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	2.549.211	(2.549.211)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**2.549.211**	**(2.549.211)**	-	-
TOTAL (3+6+9)	**(61.274.134)**	**61.274.134**	-	-

(*) Profit and loss excluded.

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

34.3 Market risk *(continued)*

i) Foreign currency risk (continued)

Sensitivity analysis – foreign currency risk *(continued)*

31 December 2018	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability	(35.262.893)	35.262.893	-	-
2- Hedged portion against USD risk (-)	101.672.354	(101.672.354)	-	-
3- Net effect of USD (1+2)	**66.409.461**	**(66.409.461)**	-	-
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(8.852.422)	8.852.422	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(8.852.422)**	**8.852.422**	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	420.798	(420.798)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**420.798**	**(420.798)**	-	-
TOTAL (3+6+9)	**57.977.837**	**(57.977.837)**	-	-

(*) Profit and loss excluded.

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

34.3 Market risk *(continued)*

ii) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in different amounts. This risk is managed through balancing the assets and liabilities exposed to interest rate risk and restricted use of derivative instruments.

Interest Position Table			
		31 December 2019	**31 December 2018**
Financial Instruments with fixed Interest		**(2.063.902.510)**	**(1.573.980.052)**
Financial Assets	Financial assets held for trading	144.428	446.017
	Due from related parties	4.300.734	1.632.427
	Receivables from money markets	46.906.595	28.216.035
	Bank deposits	139.104.130	171.957.852
Financial Liabilities	Loans and borrowings	(2.116.197.334)	(1.642.212.878)
	Liabilities due to operations in finance sector	(25.962.565)	(6.695.203)
	Interest rate swap effect	(112.198.498)	(127.324.302)
Financial Instruments with variable interest		**(1.179.956.029)**	**(1.026.572.768)**
Financial Assets	Loans granted to the key management	75.588.558	78.158.640
Financial Liabilities	Loans and borrowings	(1.367.743.085)	(1.188.634.244)
	Interest rate swap effect (*)	112.198.498	127.324.302

(*) The Group hedged 75% of one of the subsidiary's variable interest rate loan to a fixed interest rate payment of 0.97% and that interest rate swap requires using Euribor until the maturity of the loan (31 December 2023).

Sensitivity analysis – interest rate risk

As at 31 December 2019, had the interest rates been higher by 100 base points and all other variables remain constant, profit before tax would have been lower by TL 35.951.568 (31 December 2018: profit before tax lower by TL 28.980.070), the net profit attributable to the owners of the Company would have been lower by TL 28.042.223 (31 December 2018: lower by TL 22.604.455) and total equity attributable to equity holders of the Company would have been lower by TL 19.957.400 (31 December 2018: lower by TL 15.698.003). Had the interest rates been lower by 100 base points, the effect would be the same but in reverse position.

Capital risk management

The Group's objectives when managing capital are to provide the sustainability of the Group's operations in order to bring returns and benefits to the shareholders and to reduce the cost of the capital for maintaining an optimal capital structure.

The Group monitors the capital management by using debt / capital ratio. This ratio is calculated by dividing the net debt to total capital. Net debt is calculated by deducting cash and cash equivalents from total liabilities (the sum of financial liabilities). Total capital is the sum of net debt and equity. The Group's net debt ratio calculated with this method is 59% as of 31 December 2019 (2018: 49%).

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35 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair values of cash and cash equivalents and other monetary assets are assumed to approximate their carrying amounts. The carrying amounts of trade and other receivables less the related provisions for impairment are assumed to approximate their fair values. Since the majority of the long term loans have floating rate or has borrowed close to the balance sheet date, the carrying amounts of floating rate foreign currency liabilities, which are translated to Turkish Lira using the period-end rates, are assumed to reflect their fair values except the Eurobond issued in USD.

Carrying amounts and fair values of financial assets and liabilities are listed below:

		31 December 2019		31 December 2018	
Financial Assets	**Notes**	**Carrying Value**	**Fair value**	**Carrying Value**	**Fair value**
Cash and Cash Equivalents	7	474.710.252	474.710.252	496.942.269	496.942.269
Financial Investments	8	16.676.592	16.676.592	72.671.113	72.671.113
Trade Receivables	10	229.297.974	229.297.974	143.598.112	143.598.112
Receivables from Operations in Finance Sector	12, 6	233.625.016	233.625.016	126.242.639	126.242.639
Other Receivables	11, 6	211.443.534	211.443.534	153.124.426	153.124.426
Other Current and Non-current assets	23	70.882.675	70.882.675	69.156.783	69.156.783
Total		**1.236.636.043**	**1.236.636.043**	**1.061.735.342**	**1.061.735.342**
Financial Liabilities					
Borrowings	9	4.308.526.774	4.271.881.680	2.898.007.012	2.841.646.990
Trade Payables	10	155.321.001	155.321.001	132.191.519	132.191.519
Liabilities due to Operations in Finance Sector	12, 6	212.018.523	212.018.523	110.767.894	110.767.894
Other Payables	11, 6	94.553.137	94.553.137	106.294.038	106.294.038
Other Liabilities	23	21.847.199	21.847.199	100.039.037	100.039.037
Total		**4.792.266.634**	**4.755.621.540**	**3.347.299.500**	**3.290.939.478**

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35 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at fair value through profit or loss	8.085.225	-	-	8.085.225
Financial assets at fair value through other comprehensive income-equity instruments	-	-	8.172.568	8.172.568
Derivative financial liabilities	-	2.879.070	-	2.879.070
	8.085.225	**2.879.070**	**8.172.568**	**19.136.863**

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at fair value through profit or loss	3.703.871	-	-	3.703.871
Financial assets at fair value through profit or loss (*)	-	-	63.177.001	63.177.001
Financial assets at fair value through other comprehensive income-equity instruments	-	-	5.412.208	5.412.208
Derivative financial liabilities	-	3.247.536	-	3.247.536
	3.703.871	**3.247.536**	**68.589.209**	**75.540.616**

(*) The Group's convertible bond issued by Dreamlines is included in Level 3 of the fair value hierarchy. The Group Management concludes that it is reasonable to continue to recognize the instrument recognized at fair value through profit or loss at cost at this point, based on the absence of any alternative or counter-evidence.

36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2019 and 2018, the detail of assets held for sale is as below:

	31 December 2019	31 December 2018
Real Estates	862.751	862.751
	862.751	**862.751**

The Group's real estate's held for sale amounting to TL 862.751 (31 December 2018: TL 862.751) can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m2 and land in the Bodrum district of the Muğla province, with a total area of 3.000 m2 which is owned by the Group.

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37 GOVERNMENT GRANTS

As explained in detail in Note 32, the Group benefits from investment allowance and miscellaneous tax exemptions.

38 EVENTS AFTER THE REPORTING PERIOD

(i) On 6 February 2020, the subsidiary of the Group, Naturelgaz, has signed a Share Purchase Agreement with Socar Turkey Petrol Enerji Dağıtım Sanayi ve Ticaret A.Ş. ("Socar Dağıtım") to purchase all of the shares of Socar Turkey LNG Satış A.Ş. ("Socar LNG"), from Socar Dağıtım which is 100% shareholder of Socar LNG. The acquisition is subject to regulatory approvals of the Energy Market Regulatory Authority and the Competition Authority as well as completion of the pre-conditions.

(ii) The subsidiary of the Group, Naturelgaz, has made an application to the Capital Markets Board of Turkey on 20 January 2020 to get approval to amend its Articles of Association in accordance with the capital markets legislation for the purpose of initial public offering of its shares.

(iii) The contract of the 6. Vakıfhan building, which has been leased for 12 years on 13 September 2007, with the "restore / operate / transfer" system from the General Directorate of Foundations, ended in January 2020. Negotiations between the subsidiary of the Group, Pera, and the General Directorate of Foundations are ongoing for the determination of the new lease agreement duration and rental fee.

(iv) Goulette Cruise Holding Ltd, which is a joint venture of Global Ports Holding Plc with MSC Cruises S.A. ("MSC"), has completed the purchase of the Goulette Shipping Cruise in January 2020.

The concession to operate the cruise port was awarded to Goulette Shipping Cruise in 2006 on a 30-year basis, with a right to extend the term for an additional 20 years. While passenger volumes have been low in recent years, in 2010, La Goulette welcomed approximately 900 thousands passengers and between 2011-2014 it welcomed on average 441 thousands cruise passengers per annum.

(v) Creuers Del Port de Barcelona SA ("Creuers"), 62% subsidiary of the Company, has completed the purchase of Autoridad Portuaria de Malaga's (Malaga Port Authority) 20,0% holding in the Malaga cruise port concession for EURO 1,5 million. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH PLC''s effective ownership to 62% from 49,6%.