İZMİR DEMİR ÇELİK SANAYİ A.Ş.

CONVENIENCE TRANSLATION TO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019 WITH INDEPENDENT AUDITOR'S
REPORT
(Originally Issued in Turkish)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Director of İzmir Demir Çelik Sanayi Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of İzmir Demir Çelik Sanayi 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 statement of profit or loss, the consolidated statement of 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 Accounting Standards ("TAS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the 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 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.

Revenue recognition

Refer to Note 2.5 and Note 33 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
The main revenue items of the Group consist of iron and steel sales. Revenue is recognized when it is probable that an entity will be able to recover the future economic benefits, the amount of the revenue can be reliably measured and significant risks and rewards of ownership are transferred to the buyer. The Group recognizes the revenue by analyzing whether the significant risks and rewards are transferred to the buyer according to the delivery arrangements of domestic and export sales. In this context, revenue recognition has been determined as one of the key audit matters since determining whether the revenue recognition criteria are met as well as determining whether the revenue is recorded in the financial statements in the correct period requires significant judgment of management	Our audit procedures in this area include the following: The appropriateness of the Group's accounting policy for the recognition of revenue has been assessed. The effectiveness of the design, implementation and operation of internal controls related to the accounting of the revenue has been assessed. The timing of the revenue recognition for different delivery terms has been assessed through examining the related provisions in the customer contracts with respect to the terms of trade and delivery. The level of revenue amount was analyzed analytically and the adequacy of disclosures made on the financial statements was assessed. Sales and sales returns realized in the subsequent period were examined and it was checked whether there were large amount of reversals and returns.

Key Audit Matters (continued)

Recoverability of trade receivables

Refer to Note 2.5, Note 9 and Note 50 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for recoverability of trade receivables.

The key audit matter	How the matter was addressed in our audit
Trade receivables from third parties amounting to 117.235.296 TL as of 31 December 2019, constitute a significant portion of the consolidated assets of the Group. In performing impairment analysis for trade receivables, payment capability of the debtors, the data related to the receivables that could not be collected in prior periods, the extraordinary circumstances arising in the sector and the current economic environment, the amount of collaterals held from customers, the payment performance of customers and the aging analysis of the trade receivables are taken into account and the estimations made according to these analysis are accounted. In this context, recoverability of trade receivables has been determined as one of the key audit matters since determining the amount of the allowance for doubtful receivables requires significant judgments and estimation of the management.	Our audit procedures in this area include the following: The process related to the collection follow up of trade receivables from third parties of the Group has been analyzed and the design and operational effectiveness of internal controls for credit risk have been tested. The aging analysis for trade receivables was analyzed analytically and the collection turnover rate was compared with the prior period. It has been examined whether there is any dispute or litigation related to collection of receivables and written declaration has been obtained from legal counsel regarding the receivables under legal follow up. The existence and accuracy of trade receivables from third parties were tested by sending confirmation letters through sampling. Collections subsequent to reporting period were tested through sampling. The collection risk was assessed by examining the past payment performance of customers who have overdue trade receivable balances. The appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements in relation to trade receivables from third parties has been evaluated.

Key Audit Matters (continued)

Revaluation of Property, Plant and Equipment

Please refer to Note 2.5, Note 2.6 and Note 12 for the accounting policies and accounting estimates and assumptions used in accounting for the revaluation of tangible assets.

The key audit matter	How the matter was addressed in our audit
The Group, has chosen the accounting policy to measure its land and building, land improvements, plant, machinery and equipment at fair value in its consolidated financial statements in acoordance with TAS 16 "Property, Plant and Equipment" as of 31 December 2019. TL 673.634.412 of fair value increase has been recognized in the consolidated financial statements as of 31 December 2019 as it is stated in Note 12. The Group has engaged with an independent professional valuation expert who is accredited by CMB to determine the fair value. Revaluation of property, plant and equipment was considered to be a key audit matter, due to significant estimates and judgement used in valuation methods to determine fair value of property, plant and equipment.	Audit procedures that are applied in this matter involves below: -The evaluation of the competency, licenses and independence of the independent professional valuation experts assigned by the Group management to determine the fair value of property, plant and equipment, -Check the accuracy and appropriateness of data provided by the Group management to valuation experts, -Determination of appropriateness of assumptions and estimations that are used for the valuation by external valuation experts, - We used our own valuation specialists to challenge the appropriateness of the key assumptions, valuation methods used in the calculations, -Testing the adequacy and sufficiency of disclosures regarding property, plant and equipment in the consolidated financial statements in accordance with IFRSs.

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 TAS, 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 processs.

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.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Group on 4 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 1 January - 31 December 2019, the Group's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Group'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 of KPMG International Cooperative

ORIGINALLY ISSUED IN TURKISH

Gökhan Atılgan, SMMM
Partner
4 March 2020
İstanbul, Turkey

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İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019

(Amounts expressed in TL)

ASSETS	Note	*Audited* Current period 31.12.2019	*Audited* Prior period 31.12.2018
Current Assets			
Cash and Cash Equivalents	7	341.578.706	116.080.037
Trade Receivables		121.670.586	248.858.138
Due from related parties	*6*	*4.435.290*	*45.063.362*
Other trade receivables	*9*	*117.235.296*	*203.794.776*
Other Receivables		105.687.159	68.284.158
Due from related parties	*6*	*101.013.021*	*68.031.462*
Due from other	*11*	*4.674.138*	*252.696*
Derivative Instruments	48	4.034.785	754.684
Inventories	12	797.689.792	847.537.909
Prepaid Expenses	14	31.808.717	11.797.959
Other Current Assets	31	13.565.152	32.083.227
TOTAL CURRENT ASSETS		**1.416.034.897**	**1.325.396.112**
Non-Current Assets			
Financial Investments	8	930.073	930.073
Other Receivables		2.699.564	2.178.730
Investment Properties	15	95.860.000	143.650.000
Property, Plant and Equipment	16	2.376.591.474	1.686.226.510
Intangible Assets	19	489.812	800.399
Deferred Tax Assets	42	299.668.133	236.358.982
TOTAL NON-CURRENT ASSETS		**2.776.239.056**	**2.070.144.694**
TOTAL ASSETS		**4.192.273.953**	**3.395.540.806**
LIABILITIES			
Current Liabilities			
Short-term Borrowings	49	1.045.762.568	1.056.993.478
Short-term Portion of Long-term Borrowings	49	209.137.945	181.843.935
Trade Payables		1.626.743.123	959.307.769
Due to related parties	*6*	*1.466.394*	*71.726*
Other trade payables	*9*	*1.625.276.729*	*959.236.043*
Payables for Employee Benefits	29	13.720.664	12.023.937
Other Payables		730.336	1.668.679
Other payables	*11*	*730.336*	*1.668.679*
Derivative Instruments	48	311.490	14.638.158
Current Income Tax Liability	42	350.552	-
Short-term Provisions		4.500.785	1.138.344
Other Current Liabilities	31	103.382.599	39.970.421
TOTAL CURRENT LIABILITIES		**3.004.640.062**	**2.267.584.721**
Non-current Liabilities			
Long-term Borrowings	49	536.384.251	606.119.033
Long-term Provisions		31.926.342	29.585.339
Long term provisions related to employee benefits	*29*	*31.926.342*	*29.585.339*
Deferred Tax Liabilities	42	292.234.694	175.574.769
TOTAL NON- CURRENT LIABILITIES		**860.545.287**	**811.279.141**
EQUITY			
Equity Attributable to Owners of the Company		**303.176.309**	**301.262.274**
Paid-in Capital	32	375.000.000	375.000.000
Adjustment on Capital	32	22.763.962	22.763.962
Other Accumulated Comprehensive Income/ Expense not to be Reclassified Through Profit or Loss		1.114.126.685	645.677.428
Gain/ loss on revaluation and remeasurement	*32*	*1.114.126.685*	*645.677.428*
Legal Reserves	32	25.832.374	25.832.374
Retained Earnings/(Losses)		(711.282.563)	(426.252.265)
Net Profit/(Loss) for the Period		(523.264.149)	(341.759.225)
Non-controlling Interests	32	**23.912.295**	**15.414.670**
TOTAL EQUITY		**327.088.604**	**316.676.944**
TOTAL LIABILITIES		**4.192.273.953**	**3.395.540.806**

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE PERIOD ENDED 1 JANUARY 2019 - 31 DECEMBER 2019

(Amounts expressed in TL)		*Audited*	*Audited*
	Note	**Current Period 01.01 - 31.12.2019**	**Prior Period 01.01 - 31.12.2018**
PROFIT OR LOSS			
Revenue	33	4.115.351.878	4.666.022.227
Cost of Sales (-)	33	(4.060.766.772)	(4.368.349.282)
GROSS PROFIT		**54.585.106**	**297.672.945**
General Administrative Expenses (-)	35	(40.962.665)	(29.632.754)
Marketing Expenses (-)	35	(45.917.613)	(31.904.917)
Other Income from Operating Activities	36	51.254.905	88.501.440
Other Expenses from Operating Activities(-)	36	(177.349.828)	(323.852.359)
OPERATING PROFIT/(LOSS)		**(158.390.095)**	**784.355**
Income from Investing Activities	37	36.447.536	110.643.547
Expenses from Investing Activities (-)	37	(85.942.746)	(68.586.038)
Reversal of impairment losses in compliance with TFRS 9	9	-	1.325.337
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE		**(207.885.305)**	**44.167.201**
Finance Income	39	23.585.378	23.340.512
Finance Expenses (-)	39	(422.517.408)	(538.640.782)
OPERATING PROFIT/(LOSS) BEFORE TAX		**(606.817.335)**	**(471.133.069)**
Tax Income/(Expense)		**78.006.916**	**109.095.687**
Tax Expense	42	(3.447.830)	(199.728)
Deferred Tax Income /(Expense)	42	81.454.746	109.295.415
PROFIT/(LOSS) FOR THE PERIOD		**(528.810.419)**	**(362.037.382)**
Profit/(Loss) Attributable to			
Non-controlling Interests		(5.546.270)	(20.278.157)
Owners of the Company		(523.264.149)	(341.759.225)
Diluted Profit/(Losses) Per Share	43	(1,3954)	(0,9114)

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY 2019 – 31 DECEMBER 2019

(Amounts expressed in TL)	***Audited***	***Audited***
	Current Period 01.01 - 31.12.2019	**Prior Period 01.01 - 31.12.2018**
PROFIT/(LOSS) FOR THE PERIOD	**(528.810.419)**	**(362.037.382)**
OTHER COMPREHENSIVE INCOME		
Items not to be reclassified through profit or loss	**539.222.079**	**(1.344.198)**
Increase/(Decrease) on Revaluation of Tangible Assets	673.634.412	-
Actuarial Gain/(Losses) on Employee Benefits	393.187	(1.680.247)
Taxes Over Other Comprehensive Income/ Expenses not to be Reclassified Through Profit or Loss	(134.805.520)	336.049
OTHER COMPREHENSIVE INCOME/(LOSS)	**539.222.079**	**(1.344.198)**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**10.411.660**	**(363.381.580)**
Attributable to	**10.411.660**	**(363.381.580)**
Non-controlling Interests	13.141.625	(20.283.505)
Owners of the Company	(2.729.965)	(343.098.075)

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2019 - 31 DECEMBER 2019

(Amounts expressed in TL)

	Paid-in Capital	Adjustment on Capital	Revaluation Fund on fixed assets	Gain/ (Loss) on benefit plans Remeasurement	Legal Reserves	Retained Earnings / (Losses)	Net Profit / (Loss) for the Period	Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
PRIOR PERIOD										
Balance at 1 January 2018 (Beginning of the period)	**375.000.000**	**22.763.962**	**677.312.956**	**(3.348.636)**	**25.832.374**	**(464.645.739)**	**14.988.967**	**647.903.884**	**35.698.175**	**683.602.059**
Adjustments in compliance with TFRS 9	-	-		-	-	(3.543.535)	-	(3.543.535)	-	(3.543.535)
Restated as at 1 January 2018	375.000.000	22.763.962	**677.312.956**	**(3.348.636)**	25.832.374	(468.189.274)	14.988.967	644.360.349	35.698.175	680.058.524
Transfers	-	-	(26.948.042)	-	-	41.937.009	(14.988.967)	-	-	-
Other comprehensive income/loss	-	-	-	(1.338.850)	-	-	-	(1.338.850)	(5.348)	(1.344.198)
Net profit/(loss) for the period	-	-		-	-	-	(341.759.225)	(341.759.225)	(20.278.157)	(362.037.382)
Balance at 31 December 2018 (End of the period)	**375.000.000**	**22.763.962**	**650.364.914**	**(4.687.486)**	**25.832.374**	**(426.252.265)**	**(341.759.225)**	**301.262.274**	**15.414.670**	**316.676.944**
CURRENT PERIOD										
Balance at 1 January 2019 (Beginning of the period)	**375.000.000**	**22.763.962**	**650.364.914**	**(4.687.486)**	**25.832.374**	**(426.252.265)**	**(341.759.225)**	**301.262.274**	**15.414.670**	**316.676.944**
Transfers	-	-	(69.512.015)	-	-	(272.247.210)	341.759.225	-	-	-
Other comprehensive income/loss	-	-	520.212.827	321.357	-	-	-	520.534.184	18.687.895	539.222.079
Net profit/(loss) for the period	-	-	-	-	-	-	(523.264.149)	(523.264.149)	(5.546.270)	(528.810.419)
Increase/decrease due to change in shareholding at subsidiary	-	-	17.428.990	(1.902)	-	(12.783.088)	-	4.644.000	(4.644.000)	-
Balance at 31 December 2019 (End of the period)	**375.000.000**	**22.763.962**	**1.118.494.716**	**(4.368.031)**	**25.832.374**	**(711.282.563)**	**(523.264.149)**	**303.176.309**	**23.912.295**	**327.088.604**

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts expressed in TL)

	Notes	*Audited* **Current Period 01.01 - 31.12.2019**	*Audited* **Prior Period 01.01 - 31.12.2018**
A. CASH FLOWS FROM OPERATING ACTIVITIES		**771.933.287**	**(242.550.449)**
Net profit/(loss) for the period		(528.810.419)	(362.037.382)
Adjustments for net profit/loss for the period reconciliation		**445.951.237**	**490.471.429**
Adjustments for depreciation and amortization	30,36	124.642.838	105.723.843
Adjustments for provision for impairment on inventories	12	(16.818.023)	57.139.199
Adjustments for provision for employee severance indemnity and vacation pay liability	29	12.161.682	8.079.662
Adjustments for interest income and expenses	36,39	223.669.555	137.963.720
Adjustments to (gain)/loss on fair value of financial instruments		59.990.977	9.121.038
Adjustments for tax expense/(income)	42	(78.006.916)	(109.095.688)
Unrealized foreign exchange (gain)/loss		127.993.312	281.597.775
Adjustments for (gain)/loss on disposal of tangible assets	37	(7.682.188)	(58.120)
Changes in working capital		**869.209.704**	**(365.750.112)**
Adjustments for (increase)/decrease in trade receivables		89.636.065	(11.487.521)
Adjustments for (increase)/decrease in other receivables		(4.939.971)	(289.402)
Adjustments for (increase)/decrease in inventories		105.886.941	(289.189.414)
Adjustments for increase/(decrease) in trade payables		610.603.028	50.490.699
Adjustments for increase/(decrease) in other payables		(938.343)	(127.834)
Adjustments for increase/(decrease) in working capital		68.961.984	(115.146.640)
Net cash provided from operating activities		**786.350.522**	**(237.316.065)**
Employee termination benefits paid	29	(9.427.492)	(2.809.310)
Taxes paid		(4.989.743)	(2.425.074)
B. CASH FLOW USED IN INVESTING ACTIVITIES		**(151.631.273)**	**(78.501.035)**
Cash inflows by disposal of tangible and intangible assets		72.600.720	246.048
Cash outflows by acquisition of tangible and intangible assets		(138.289.246)	(30.923.127)
Cash inflows on derivative instruments		49.635.827	78.406.064
Cash outflows on derivative instruments		(135.578.574)	(126.230.020)
C. NET CASH USED FOR FINANCING ACTIVITIES		**(394.803.345)**	**256.950.676**
Cash inflows from loans and borrowings		1.843.720.302	1.837.933.733
Cash outflows by repayment of loans and borrowings		(2.023.406.302)	(1.381.734.441)
Increase/(decrease) in due to related parties		(21.646.504)	(63.350.875)
Cash outflows on lease agreements		(2.392.163)	-
Interest paid		(200.736.760)	(149.651.142)
Interest received		9.658.082	13.753.401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**225.498.669**	**(64.100.808)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**7**	**116.080.037**	**180.180.845**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	**7**	**341.578.706**	**116.080.037**

The accompanying notes are an integral part of these consolidated financial statements

1. ORGANIZATION AND NATURE OF BUSINESS

İzmir Demir Çelik Sanayi A.Ş ("the Company") was established in 1975 to produce long steel products for domestic and international markets. Modern bar rolling mill and steel melt shop was commissioned in 1983 and 1987 respectively. Production is carried out in Aliağa heavy industrial zone at a plant located over 500,000 m² areas. The Company and its subsidiaries are engaged in production, sales, marketing, transportation of iron and steel, port services, ship operations and production, distribution and trading of energy.

The registered address of İzmir Demir Çelik Sanayi A.Ş. is Şair Eşref Bulvarı No: 23, 35210 Konak İzmir.

Subsidiaries included in the accompanying consolidated financial statements are as follows:

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Company Name	**Operating Area**	**31 December 2019 Shareholding rate**	**31 December 2018 Shareholding rate**
Akdemir Çelik Sanayi ve Tic. A.Ş.	Iron-steel production	%99,98	%99,98
İDÇ Liman İşletmeleri A.Ş.	Harbour operating	%99,98	%99,98
İzdemir Enerji Elektrik Üretim A.Ş.	Energy production	%94,58	%92,26

Shareholding structure:

	Share Amount (TL)	**Share (%)**
Şahin – Koç Çelik Sanayi A.Ş.	217.972.335	58,13
Halil Şahin	55.459.438	14,79
Şahin Şirketler Grubu Holding	20.444.300	5,45
Other (Publicly traded)	81.123.927	21,63
Total	**375.000.000**	**100**

The Company's shares are traded at Borsa İstanbul ("BIST") under the name "IZMDC".

The Company and its subsidiaries are hereby referred to as "the group" in this report.

Number of employees is as follows:

	Blue Collar	**White Collar**	**Manager**	**Top Management**	**Total**
31 December 2019	1.156	521	27	7	1.711
31 December 2018	1.363	547	25	7	1.942

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code.

The accompanying consolidated financial statements have been prepared in accordance with the Turkish Accounting Standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey in line with the communiqué Serial: II, No: 14.1 "Basis for Financial Reporting in the Capital Markets" issued by CMB which is published on 13 June 2013 in the Official Gazette numbered 28676. The Turkish Accounting Standards are composed of Turkish accounting standards, Turkish Financial Reporting Standards and additional interpretations.

Approval of Consolidated Financial Statements

The group's consolidated financial statements were approved by the board of directors of the Company on 4 March 2020. The General Assembly has the right to amend the financial statements after the publication of the financial statements.

Functional and presentation currency

The accompanying consolidated financial statements are presented in TL, which is the Group's functional currency. All financial information presented in TL unless otherwise stated.

Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements starting from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup 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.

Comparative Information

For the purpose of conducting a comparison of financial position, performance and cash flow trend, the Group's accompanying consolidated financial statements are prepared comparative with prior period. If there have been a change in presentation or classification on consolidated financial statements; to ensure the compatibility, the prior period consolidated financial statements are adjusted properly and explanation is presented on these issues.

The Group has prepared consolidated statement of financial position as at 31 December 2019 comparatively with the consolidated statement of financial position as at 31 December 2018, and consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2019 comparatively with the consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2018

Offsetting

Financial assets and liabilities are offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

Amendments of financial statements on high inflation periods

With the resolution on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by TASB 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 in accordance with CMB Financial Reporting Standards.

2.2 Changes in Accounting Policies

A company could only change its accounting policies under following circumstances.

- If a standard or interpretation makes it necessary or
- If the financial position of the company, performance and impacts of operations and incidents upon its cash flow is able to be offered more appropriate and reliable quality in the financial statements.

Financial statements have to be comparable to enable the users of financial statements to see the trends in financial position, performance and cash flows. Therefore, if the change is not granting one of the above conditions, the accounting policies are applied consistently at each and annual period. The significant accounting policies applied in preparing the consolidated financial statements for the period ended 31 December 2019 are similar with those of expressed in detail in the financial statements dated 31 December 2018 except for the effects of TFRS 16.

The accounting policy changes originating from the mentioned standards and the effects of the application of the related standards for the first time are as follows:

TFRS 16 Leases

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

TFRS 16 introduced a single lease accounting model for lessee. As a result, the Group included in the consolidated financial statements the lease liabilities representing the right to use asset that represents the right to use the underlying asset and the lease payments that it is obliged to pay rent as a lessee. Accounting for the lessor is similar to previous accounting policies.

The Group applied TFRS 16 using the modified retrospective approach, resulting in the existence of the right to use assets and the lease liabilites to an equal amount. Accordingly, the comparative information presented in the scope of TAS 17 and related comments has not been rearranged for 2018. The details of the changes in accounting policies are disclosed below.

Definition of lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under TFRS Interpretation 4 "*Determining whether an Arrangement contains a Lease*". The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. According to TFRS 16, in the event that the right to control the use of the asset defined in accordance with a contract is transferred for a certain period of time, this contract is a leasing contract or includes a leasing transaction.

On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group 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 under TFRS 16. Therefore, the definition of a lease under TFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

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

As a lessee, the Group leases many assets including warehouses, vehicles and equipments.

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 of these leases – i.e. these leases are on-balance sheet.

Impact of transition

As of 31 December 2018, when the current conditions and conditions of the Group's current lease agreements are analyzed, the Group management has evaluated that this change will not have a significant impact on the financial statements of the Group and has not made any changes or amendments in the previous period's financial statements.

Impact of current year

As of 31 December 2019, the Group has recognized a total of TL 12.897.630 of lease liabilities and right of use assets. In addition, regarding the lease contracts within the scope of TFRS 16, depreciation and interest expenses were recognized. During the twelve months period ended on December 31, 2019, the Group has recognized TL 1.182.986 depreciation expense and TL 1.574.998 interest expense.

While measuring the lease debts, the Group discounted the lease payments using the TL borrowing rate of 1 January 2019. The applied weighted average rate is 15,60%.

	Buildings	**Vehicle**	**Total**
Balance as of 1 1 January2019	9.209.651	3.687.979	12.897.630
Balance as of December 31, 2019	8.791.030	2.923.613	11.714.644

2.3 Changes and Errors in Accounting Estimates

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

2.4 New and Revised Turkish Accounting Standards

Standards issued but not yet effective and not early adopted as of 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 (Version 2018)

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing 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.

Amendments to TAS 1 and TAS 8 - Definition of Material

Public Oversight Accounting and Auditing Standards Authority "POA" issued Definition of Material (Amendments to TAS 1 and TAS 8) on 7 June 2019. 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

Amendments to TAS 1 and TAS 8 - Definition of Material

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

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

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

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

TFRS 17 Insurance Contracts

Public Oversight Accounting and Auditing Standards Authority “POA” issued TFRS 17 Insurance Contracts on 16 February 2019. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitabilityand financial position. TFRS 17 replaces TFRS 4. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of these amendments to TFRS 17 will have significant impact on its consolidated financial statements.

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

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019,added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups ofaccounting 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. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

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

2.5 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of consolidated financial statements are summarized below:

Revenue

Revenues are basically measured on fair value of the amount of receivable collected or to be collected. The estimated customer returns, discounts and provisions are deducted from that amount.

The main activities of the Company and its subsidiaries are production, sales, marketing, transportation of iron and steel, port services and ship operations.

Sales of iron and steel:

Revenue from sale of iron and steel is accounted on accrual basis at fair value when all the following conditions are satisfied:

- The Group has transferred all significant risks and rewardsof ownershipof the goods to the buyer,
- The Group retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service delivery:

Service delivery consists of marine transportation and harbor management. When the outcome of a transaction involving the service delivery can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the completion stage of the transaction as of the statement of financial position date.

Revenue from service delivery is accounted on accrual basis at fair value when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The completion stage of the transaction at the statement of financial position date can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Sales of electricity:

Revenue from sale of electricity is accounted when all the following conditions are satisfied:

- Transmitting the quantity of the power committed to customer
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent income:

Proceeds achieved through renting the Group owned-ships are accounted on a straight line basis during the rent agreement period.

Financial income and expenses

Financial income is composed of foreign exchange gains and rediscount gains which is not associated with main activities of the Group. Financial expenses are composed of interest expenses on bank borrowings, bank charges and foreign exchange losses. Group uses off balance sheet financial instruments, such as letter of credit, during the ordinary course of business. The maximum exposure of the Group that is sourced by these financial instruments is equal to the contract amount.

Dividend and interest income:

Interest income is recognized as it accrues in profit or loss, using effective interest rate. Dividend income is recorded when shareholders have the right to get dividend.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of the inventories includes purchase, conversion cost and other costs incurred for the inventories. Cost for finished goods includes production costs in accordance with normal production capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale (Note 12). The cost of inventories is based on the weighted average cost on a monthly basis. Imputed interest that is included in the cost of purchased goods is deducted from the cost of goods sold and inventories.

Amounts of impairment on inventories that decrease inventory costs to net realizable value and losses related with inventories are recognized as expense in the period when these losses occur. Impairment provisions on inventories are reversed by reducing the cost of goods sold amount. As of every reporting period, net realizable value is reviewed once again.

The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. General fixed production expenses part is allocated with the idle capacity expenses in the case of idle capacity.

Tangible Assets

Lands, buildings, land improvements, machineries and equipment are reflected to the consolidated financial statements at fair values that are determined by an independent real estate appraisal company, which is accredited by CMB.

The valuation company determined the fair value of land and parcels with market value method, the fair value of building with market value method and depreciated replacement cost method, the fair value of land improvements and machinery and equipment with depreciated replacement cost method.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets. If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus. The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

The costs of property, plant and equipment purchased before 1 January 2005 are restated for the effects of inflation in TL unit current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of property, plant and equipment on a straight-line method starting from the acquisition date. Land is not amortized. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

The depreciation rates presented below are determined by considering estimated useful lives..

Buildings	2% - 10%
Land improvements	10%
Machinery and equipment	10% - 30%
Vehicles	5% – 33%
Furniture and fixtures	20% – 33%
Lease hold improvements	20%

Impairment of assets

Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired may include default or delinquency by a debtor, restructuring of an amount due to the Group on items that the Group would not consider otherwise, indications that a debtor or issuer may go bankruptcy.

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant receivables are assessed for specific impairment. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If financial assets are subject to significant impairment amounts when considered separately, then they are considered for impairment collectively. All impairments are recognized in the profit or loss.

An impairment is reversed if the impairment can be related objectively with an event occurring after the impairment was recognized. The reversal of financial assets booked with their discounted amounts is recognized in profit or loss.

Non-financial assets

Carrying amounts of the Group's non-financial assets except deferred tax assets and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Fair value less cost to sell of an asset or a cash generating unit is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount through use or sale. Impairments are recognized in the profit or loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Goodwill acquired in a business combination allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units, and then to reduce the carrying amounts of the other assets in the cash generating units on a pro rata basis. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Leases

Financial lease

Leases of property and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other current and non-current financial liabilities. The interest element of the finance cost is charged to the consolidated profit or loss statement over the lease period.

Operational lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net off any incentives received from the leassor) are charged to the profit or loss statement on a straight-line basis over the period of the lease.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfill all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group utilizes disabled employment incentive due to Labor law numbered 4857 and Social Insurance and general Health Insurance Law numbered 5510. Government incentives recorded under government incentive and grant in the profit or loss statements are not collected in cash but deducted from the accrued insurance premiums by treasury. Incentive income was off set against cost of goods sold.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work which is carried out on December 27, 2016 by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Intangible Assets

The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 1 January 2005 are carried at cost less accumulated amortization and impairment losses. If there is an impairment, the recorded value of the intangible assets are decreased to their recovarable values.Intangible assets are amortized on a straight-line basis in consolidated statement of comprehensive income over their estimated useful lives.

Amortization rates that are mentioned below are determined by considering estimated useful lives.

Rights 20%-33%

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Financial Investments

Except for impairments in accordance with Communiqué II, No: 14.1 published by CMB, income or loss from available for sale financial assets are directly recorded in the statement of changes in equity. When these assets are sold, retained income or loss previously reflected in the other comprehensive income is recognized in current period profit or loss. However, the difference between the amount when the available for sale financial assets are initially booked and the amount at maturity which is subject to effective interest method stands for interest and it is reflected in the financial statements as profit or loss.

As a result of this communiqué, the available for sale financial assets are valued at their fair value. If the difference between fair value and the value calculated by effective interest method is positive, then it is booked in capital reserve. If the difference is negative, then it is deducted from existing capital reserve. If still it is negative, it is booked under expenses from investing activities in the profit or loss statement.

Fair value of shares quoted in stock exchange is taken from closing price of Borsa Istanbul (BIST) as of the reporting date.

Financial Instruments

Non-derivative financial assets

The group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets consist of bank borrowings, trade and other receivables, cash and cash equivalents. Non-derivative financial assets are recorded at cost. Non-derivative financial assets are recognized in the following way after being recorded.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and time deposits with original maturities of three months or less. Cash and cash equivalents are highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

Non-derivative financial liabilities

Non-derivative financial liabilities are comprised of borrowings, trade and other payables, due to related parties and short term liabilities. Non-derivative financial liabilities are recognized as follows.

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are reflected in financial statements with their current values of reimbursement using effective interest rate, and the differences with the initial cost are reflected in the comprehensive income statement during the maturity of the liabilities.

Other non-derivative financial liabilities are measured at amortized cost using the effective interest method, less any impairment. Short term other receivables and payables are disclosed at their cost values.

The group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

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.

Derivative Financial Instruments

The Group's derivative financial instruments may be composed of forward foreign exchange purchase-sale agreements (forward and option).

The group does not apply hedge accounting for derivative financial instruments. The Group reflects the fair value difference of the derivative financial instruments, to the profit or loss statement.

Derivatives are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted in profit or loss.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities.

Details of related parties are as follows:

İDÇ Denizcilik San. ve Tic. A.Ş.

It was established in 2005 in Izmir in order to operate agency, ship chartering and ship management. İDÇ Denizcilik San. ve Tic. A.Ş. broadly undertakes the administrative function of group ships providing full range of staffing, technical assistance, insurance, technical management, maintenance, technical equipment and fuel in line with SHIPMAN 98, which is Standard Ship Management Agreement advised by The Baltic and International Maritime Council.

Şahin Gemicilik Nakliyat Sanayi ve Ticaret A.Ş.

The company is established in the year 2009 in Aliağa. Main activities of the company is to perform domestic and international maritime and road transportation or subcontract them on the purpose of transport all kinds of freight and passengers by road and maritime. Company owns 55,803 DWT dry cargo ship. . The Group has no commercial relationship with, Şahin Gemicilik ve Denizcilik Nakliyat Sanayi Tic. A.Ş.

Agora Sigorta Aracılık Hizmetleri Ltd. Şti.

It was established in 2006 in İzmir. Company's main activity is making insurance policies. Agora Sigorta Aracılık Hizmetleri Ltd. Şti. conducts The Group's insurance brokerage services.

Koç Metalürji A.Ş.

It was established in the year 1993 in Dörtyol, Hatay. It is active in the production of reinforcing iron. There is no commercial relationship between the Group and Koç Haddecilik Teks. İnş. San. ve Tic. A.Ş.

Dagi Giyim Sanayi ve Ticaret A.Ş.

It was established in Istanbul in the year 1988. The Company has been operating in textile industry. There is no commercial relationship between the Group and Dagi Giyim Sanayi ve Ticaret A.Ş.

Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.

It was established in Muğla in the year 1994. It has been operating since 2006 in İzmir. It has one commercial yacht. It is engaged in rent yacht. There is no commercial relationship between the Group and Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.

Şahin Kömür Ticaret A.Ş..

Engaged in coal trade.

Other Balance Sheet Items

Other balance sheet items are stated at their cost values.

Income taxes

Income taxes comprised current and deferred tax expenses. Current tax and deferred tax is recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax liability includes the tax payable on the taxable income for the period using tax rates enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from recognition of income and expenses in different reporting periods and capitalization and depreciation differences of property, plant and equipment.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

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.

Employee Benefits

According to the enacted laws the Group is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labor laws. Such payments are computed according to the severance indemnity ceiling valid at the statement of financial position date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Group.

The Group makes compulsory premium payments to the Social Security Institution and does not have any other liabilities. These premium payments are accrued at the financials as they incur.

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 reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote, such contingent liabilities is disclosed in the notes to the financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the financial statements about the contingent asset. If the entry of economic benefit is certain, the asset and its related income changes are included in the financial statements at the date that they occurred.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

The foreign currency rates used at the end of the period are as follows:

	31 December 2019	**31 December 2018**
United States Dollar ("USD")	5,9402	5,2609
Euro ("EUR")	6,6506	6,0280
Great Britain Pound ("GBP")	7,7765	6,6528
Japanese Yen ("JPY")	0,0543	0,0475
Swiss Franc ("CHF")	6,0932	5,3352
Canadian Dollar ("CAD")	4,5376	3,8611

Earnings per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. 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 issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued.

Subsequent Events

Subsequent events represent the events that occur against or on behalf of the Group between the reporting date and the date when the financial statements were authorized for the issue. As of the reporting date, if the evidence with respect to such events or such events has occurred after the reporting date and such events require restating the financial statements; accordingly the Group restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

Change and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

Segment Reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The executive managers are determined as the chief operating decision maker of the Group.

The Group's four main operating activities are iron and steel activities, ship activities, harbor activities and energy activities.

Statement of Cash Flows

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows generated from operating activities.

Group presents operating cash flows in indirect method by adjusting net income with non- cash expenses, income or expense accruals or deferrals and income and expense items related to investment or financing activities.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (Acquisition of property, plant, equipment and intangible assets). Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Use of Estimates and Judgments

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

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

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

Note 2.5 – Useful lives of tangible and intangible assets
Note 16 – Tangible assets

Note 9 – Impairment loss on trade receivables
Note 27 – Provisions, contingent assets and liabilities
Note 29 – Provisions for employee severance indemnity
Note 42 – Tax assets and liabilities
Note 15 – Investment properties
Note 48 – Financial derivatives
Note 12 – Provision for impairment on inventories
Note 51 – Fair value disclosures

3. BUSINESS COMBINATIONS

None. (31 December 2018: None)

4. SHARES IN OTHER BUSINESSES

None. (31 December 2018: None)

5. SEGMENT REPORTING

The Group operates in four areas of business. These are iron and steel operations, ship operations, harbor and energy operations.

Information about Geographic Regions

Regional distribution of the Group's overseas sales from the iron-steel operations is as follows.

Region	2019	2018
Middle East	700.214.089	427.782.631
Africa	113.368.684	173.035.166
South America	24.058.811	13.523.478
Asia	49.350.565	140.680.450
Other	191.937.055	185.791.989
	1.078.929.204	**940.813.713**

Information about Major Clients

Sales of the Group are determined depending on the fluctuations and competitive conditions in domestic and international markets. The share of the largest buyer in proceeds from iron steel operations is around 13% (2017: 16%).

Details of the reportable segments used in management reporting are as follows.

SEGMENT REPORTING

01.01- 31.12.2019	***Iron Steel Operations***	***Ship Operations***	***Harbor Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	2.300.361.038	-	26.198.194	652.520.224	-	2.979.079.456
Foreign Sales	1.078.929.204	56.736.236	606.982	-	-	1.136.272.422
Intersegment Sales	781.743	-	50.571.832	271.269.022	(322.622.597)	-
Total Sales	**3.380.071.985**	**56.736.236**	**77.377.008**	**923.789.246**	**(322.622.597)**	**4.115.351.878**
Cost Of Sales (-)	(3.465.472.358)	(51.120.938)	(54.955.236)	(799.594.156)	310.375.916	(4.060.766.772)
GROSS PROFIT/(LOSS)	**(85.400.373)**	**5.615.298**	**22.421.772**	**124.195.090**	**(12.246.681)**	**54.585.106**
General Administrative Expenses (-)	(31.750.464)	-	(1.602.495)	(8.017.520)	407.814	(40.962.665)
Marketing Expenses (-)	(21.186.971)	-	-	(27.475.892)	2.745.250	(45.917.613)
Other Income from Operating Activities	30.128.487	1.333.018	8.167.668	28.520.182	(16.894.450)	51.254.905
Other Expenses from Operating Activities(-)	(137.484.154)	(1.596.141)	(4.683.984)	(42.418.060)	8.832.511	(177.349.828)
OPERATING PROFIT/(LOSS)	**(245.693.475)**	**5.352.175**	**24.302.961**	**74.803.800**	**(17.155.556)**	**(158.390.095)**
Income from Investing Activities	34.578.252	-	1.882.991	3.632	(17.339)	36.447.536
Expense from Investing Activities (-)	(68.079.600)	-	-	(17.863.146)	-	(85.942.746)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**(279.194.823)**	**5.352.175**	**26.185.952**	**56.944.286**	**(17.172.895)**	**(207.885.305)**
Financial Incomes	34.051.277		89.177	1.147.736	(11.702.812)	23.585.378
Financial Expenses (-)	(237.022.190)	-	(11.584.553)	(192.406.984)	18.496.319	(422.517.408)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(482.165.736)**	**5.352.175**	**14.690.576**	**(134.314.962)**	**(10.379.388)**	**(606.817.335)**
Tax Income/(Expense)	**50.841.611**	**-**	**(2.304.409)**	**26.913.553**	**2.556.161**	**78.006.916**
Tax Income/(Expense)	-	-	(3.447.830)	-	-	(3.447.830)
Deferred Tax Income / (Expense)	50.841.611	-	1.143.421	26.913.553	2.556.161	81.454.746
PROFIT/(LOSS) FOR THE PERIOD	**(431.324.125)**	**5.352.175**	**12.386.167**	**(107.401.409)**	**(7.823.227)**	**(528.810.419)**
Profit/(Loss) Attributable to						
Non-controlling Interests	(1.711)	-	1.431	(5.545.990)	-	(5.546.270)
Owners of the Company	(431.322.414)	5.352.175	12.384.736	(101.855.419)	(7.823.227)	(523.264.149)
Segment Assets						
Tangible and intangible fixed assets, investment properties	830.081.820	51.454.331	228.310.896	1.363.094.239	-	2.472.941.286
Purchases of tangible and intangible fixed assets	127.204.573	9.040.294	14.197.746	744.263	-	151.186.876
Amortization and depreciation expenses	55.158.751	8.450.191	13.061.252	52.126.763	-	128.796.957

SEGMENT REPORTING

01.01- 31.12.2018	***Iron Steel Operations***	***Ship Operations***	***Harbor Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	3.038.491.632	-	16.923.005	610.534.919		3.665.949.556
Foreign Sales	940.813.713	58.637.812	621.146	-	-	1.000.072.671
Intersegment Sales	125.821	-	50.601.594	239.162.453	(289.889.868)	-
Total Sales	**3.979.431.166**	**58.637.812**	**68.145.745**	**849.697.372**	**(289.889.868)**	**4.666.022.227**
Cost Of Sales (-)	(3.768.792.826)	(43.870.166)	(47.992.127)	(783.595.099)	275.900.936	(4.368.349.282)
GROSS PROFIT/(LOSS)	**210.638.340**	**14.767.646**	**20.153.618**	**66.102.273**	**(13.988.932)**	**297.672.945**
General Administrative Expenses (-)	(25.332.926)	(547.074)	(1.471.752)	(2.581.052)	300.050	(29.632.754)
Marketing Expenses (-)	(18.112.949)		-	(18.451.686)	4.659.718	(31.904.917)
Other Income from Operating Activities	84.953.347	6.348.414	10.525.041	3.529.451	(16.854.813)	88.501.440
Other Expenses from Operating Activities(-)	(267.073.423)	(13.040.550)	(5.237.569)	(44.565.158)	6.064.341	(323.852.359)
OPERATING PROFIT/(LOSS)	**(14.927.611)**	**7.528.436**	**23.969.338**	**4.033.828**	**(19.819.636)**	**784.355**
Income from Investing Activities	84.062.438	-	-	26.581.109	-	110.643.547
Expense from Investing Activities (-)	(68.448.307)		-	(137.731)	-	(68.586.038)
Reversal of impairment losses in compliance with TFRS 9	1.325.337					1.325.337
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**2.011.857**	**7.528.436**	**23.969.338**	**30.477.206**	**(19.819.636)**	**44.167.201**
Financial Incomes	68.030.761	-	53.153	809.714	(45.553.116)	23.340.512
Financial Expenses (-)	(204.379.140)	(2.107.449)	(24.229.292)	(360.914.744)	52.989.843	(538.640.782)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(134.336.522)**	**5.420.987**	**(206.801)**	**(329.627.824)**	**(12.382.909)**	**(471.133.069)**
Tax Income/(Expense)	**37.556.014**	**-**	**863.151**	**67.839.612**	**2.836.910**	**109.095.687**
Tax Income/(Expense)	(141.675)	-	(58.053)	-	-	(199.728)
Deferred Tax Income / (Expense)	37.697.689	-	921.204	67.839.612	2.836.910	109.295.415
PROFIT/(LOSS) FOR THE PERIOD	**(96.780.508)**	**5.420.987**	**656.350**	**(261.788.212)**	**(9.545.999)**	**(362.037.382)**
Profit/(Loss) Attributable to						
Non-controlling Interests	(199)	-	(643)	(20.277.315)	-	(20.278.157)
Owners of the Company	(96.780.309)	5.420.987	656.993	(241.510.897)	(9.545.999)	(341.759.225)
Segment Assets						
Tangible and intangible fixed assets, investment properties	537.860.184	51.095.808	128.636.771	1.113.084.146	-	1.830.676.909
Purchases of tangible and intangible fixed assets	14.227.963	4.157.021	2.369.067	10.169.076	-	30.923.127
Amortization and depreciation expenses	39.680.487	6.702.463	10.699.171	51.119.589	-	108.201.710

6. RELATED PARTY DISCLOSURES

As of 31 December 2019, there is no provision for doubtful receivables for trade and other receivables and guarantee for receivables regarding related parties. Similarly, there is no guarantee given for trade and other payables regarding related parties.

The Group has no guarantees, collaterals, bails and similar commitments given except for fully consolidated companies (Note 28).

The Group's due from related parties, due to related parties, balances and significant related party transactions during the period are summarized below.

Due from related parties

	31 December 2019	31 December 2018
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	2.196	583
Şahin-Koç Çelik San. A.Ş.	18.745	17.487
Şahin Şirketler Grubu Holding A.Ş.	17.378	16.150
İDÇ Denizcilik San. Tic. A.Ş.	32.759	79.495
Begonviller Turizm Yatçılık Ltd. Şti.	2.496	2.109
Şahin Kömür Ticaret A.Ş.	4.361.716	44.947.538
	4.435.290	**45.063.362**

Other due from related parties

	31 December 2019	31 December 2018
Şahin - Koç Çelik Sanayi A.Ş.	16.394.278	28.182.819
Şahin Şirketler Grubu Holding A.Ş.	84.618.743	39.848.643
	101.013.021	**68.031.462**

Due to related parties

	31 December 2019	31 December 2018
İDÇ Denizcilik San. ve Tic. A.Ş.	1.414.185	-
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	29.553	32.786
Şahin Şirketler Grubu Holding A.Ş.	22.656	38.940
	1.466.394	**71.726**

Income from related parties

	01.01.- 31.12.2019	01.01.- 31.12.2018
Koç Metalürji A.Ş.	-	138.523.074
Şahin Kömür Ticaret A.Ş	7.161.297	2.708.531
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	920.531	844.838
Dagi Giyim Sanayi ve Ticaret A.Ş.	-	44.817
	8.081.828	**142.121.260**

Purchases from related parties in cost of goods sold

	01.01.-31.12.2019	01.01.-31.12.2018
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	19.006.598	17.216.176
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	1.511.282	997.150
	20.517.880	**18.213.326**

İDÇ Denizcilik Sanayi ve Ticaret A.Ş., provides personnel, gives maintenance and technical support services for the vessels of the Group.

Expenses from related parties in marketing, selling and distribution expenses

	01.01.-31.12.2019	01.01.-31.12.2018
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	818.694	668.261
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	124	190
	818.818	**668.451**

Expenses from related parties in general administrative expenses

	01.01.-31.12.2019	01.01.-31.12.2018
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	64.238	101.391
Şahin Şirketler Grubu Holding A.Ş.	76.800	-
	141.038	**101.391**

Income from related parties in other operating income and profit

	01.01.-31.12.2019	01.01.-31.12.2018
İDÇ Denizcilik San. ve Tic. A.Ş.	231.317	161.902
Şahin Şirketler Grubu Holding A.Ş.	18.867	17.121
Şahin - Koç Çelik Sanayi A.Ş.	20.506	18.640
Şahin Kömür Ticaret A.Ş.	23.150.453	48.831.427
Begonviller Turizm Yatçılık Ltd. Şti.	4.995	4.152
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	29.538	23.739
Koç Metalürji A.Ş	-	3.182.960
Dagi Giyim Sanayi ve Ticaret A.Ş.	-	27.771
Şahin Gemicilik Nakliyat San. ve Tic. A.Ş.	5.880	4.920
Karbeyaz Çimento Madencilik Sanayi ve Ticaret A.Ş.	2.580	2.135
	23.464.136	**52.274.767**

Income from related parties in finance income

	01.01.-31.12.2019	**01.01.-31.12.2018**
Şahin - Koç Çelik Sanayi A.Ş.	3.577.700	943.892
Şahin Şirketler Grubu Holding A.Ş.	12.291.016	826.567
	15.868.716	**1.770.459**

Key management personnel compensation

Total benefits provided to top management (Board of Directors, Executive Board, General Manager and Assistants of General Manager) during the current period amounted to TL 3.828.727 TL (01.01.-31.12.2018: 3.300.366 TL).

As of reporting date, the Group has no payable due to key management personnel.

7. CASH AND CASH EQUIVALENTS

	31 December 2019	**31 December 2018**
Cash on hand	110.707	144.231
Bank - demand deposits	128.242.802	28.345.151
Bank - time deposits	213.163.170	87.545.780
Bank - interest accruals of time deposits	60.144	43.395
POS machine	1.883	1.480
Cash and cash equivalents in cash flow	**341.578.706**	**116.080.037**

There are no blockage and pledge over the Group's time and demand deposits (31 December 2018: None).

Demand Deposits

	31 December 2019		**31 December 2018**	
	Foreign Currency	**TL Equivalence**	**Foreign Currency**	**TL Equivalence**
TL	7.980.091	7.980.091	607.065	607.065
USD	15.070.718	89.523.079	3.938.177	20.718.353
EUR	96.253	640.139	1.139.106	6.866.530
JPY	2.704.479	146.829	767.435	36.489
GBP	802	6.235	13.859	92.199
CAD	214	970	214	826
CHF	4.913.604	29.939.574	4.440	23.689
DKK	6.620	5.885		
Toplam		**128.242.802**		**28.345.151**

Time Deposits

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2019
USD	%1,73	02-01 - 31.01.2020	122.959.170
TL	%10,34	02.01.2020	90.204.000
			213.163.170

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2018
USD	%4,72	02.01.2019	74.704.780
TL	%22,88	02.01.2019	12.841.000
			87.545.780

8. FINANCIAL INVESTMENTS

Shareholdings at non-current financial investments are as follows.

Name of Company	Share (%)	31 December 2019	Share (%)	31 December 2018
Investments and Associates				
İtaş İzmir Teknopark Ticaret A.Ş.	0,125	2.547	0,125	2.547
Sivas Demir Çelik İşletmeleri A.Ş.	0,002	445.357	0,002	445.357
Enda Enerji Holding A.Ş.	0,24	644.150	0,24	644.150
Egenda Ege Enerji Üretim A.Ş.	0,03	70.013	0,03	70.013
Pegasus Hava Taşımacılığı A.Ş.	0,0073	3.363	0,0073	3.363
Nemrut Kılavuz ve Römorkör Hizm. A.Ş.	16,66	10.000	16,66	10.000
Enerji Piyasaları İşletim Anonim Şirketi	0,80	200.000	0,80	200.000
Impairment				
Sivas Demir Çelik İşletmeleri A.Ş.		(445,357)		(445,357)
Total		**930.073**		**930.073**

There is no financial asset given as guarantee for liabilities of the companies (31 December 2018: None).

Since the Company's long-term financial investments do not trade in active market and that fair values cannot be determined reliably, long-term financial investments are reflected in the consolidated financial statements at their cost values less any impairment losses. The information about long-term investments is as follows:

Sivas Demir Çelik İşletmeleri A.Ş
The company was established in Sivas in 1987. The Company deals with iron and steel production and its trading. The Group does have no commercial relationship with Sivas Demir Çelik İşletmeleri A.Ş.

ENDA Enerji Holding A.Ş.

The Company was established in İzmir in 1993. The Company deals with energy production, distribution and trading. The Group does not have commercial relationship with ENDA Enerji Holding A.Ş.

EGENDA Ege Enerji Üretim A.Ş.
The Company was established in İzmir in 1997. The Company deals with energy production, distribution and trading. The Group does not have commercial relationship with EGENDA Ege Enerji Üretim A.Ş.

Pegasus Hava Taşımacılığı A.Ş.
The Company was established in İstanbul 1990. The Company deals with airline business. The group does not have commercial relationship with İHY İzmir Havayolları A.Ş.

İTAŞ İzmir Teknopark Ticaret A.Ş.
The Company was established in İzmir in 1988. The Company deals with technologic information production. The Group does not have commercial relationship with İTAŞ İzmir Teknopark Ticaret A.Ş.
Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.
The Company was established in İzmir in 2014. The Company provides pilot service and towing boat with ships coming to harbors in Aliağa region. The Group does not have commercial relationship with Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.

9. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

	31 December 2019	31 December 2018
Trade receivables	111.479.830	182.981.416
Notes receivables	5.755.466	20.813.360
Doubtful trade receivables	45.787.427	7.998.295
Provision for doubtful trade receivables (-)	(45.787.427)	(7.998.295)
	117.235.296	**203.794.776**

The group has set provision for uncollectible receivables. Provision for doubtful receivables is based on past experience regarding the collectability. While determining the collectability, the Group considers the changes between the dates of trade and reporting for the receivables credit quality. Therefore, the Group Management believes that there is no necessity to set more provision than provision for doubtful receivables already recorded in the financial statements.

Trade receivables are rediscounted by using effective interest method. The effective discount rates used are 4,80%, 4,82% and 15,60% for receivables denominated in USD, EUR and TL respectively. (31 December 2018: USD:%5,53, EUR:%-0,17, TL:%20,28)

Maturity detail of notes receivable are as follows.

	31 December 2019	31 December 2018
1-30 days	5.670.466	16.831.478
30-90 days	85.000	3.981.882
	5.755.466	**20.813.360**

Movement of provision for doubtful trade receivables is as follows.

	01.01.-31.12.2019	**01.01.-31.12.2018**
Beginning of the period	7.998.295	4.106.403
Adjustment to TFRS 9	-	4.542.993
Reversal of impairment losses in compliance with TFRS 9	(3.173.424)	(1.325.337)
Collections during the period	3.200.606	(35.299)
Provision for the period	37.761.950	709.535
End of the period	**45.787.427**	**7.998.295**

The amount of trade receivables arising from foreign exchange gains as of the end of the period is TL 5.314.558 (Prior period: 2.848.128 minors)

Foreign currency and liquidity risk on short term trade receivables of the Group are disclosed on Note 50.

Short term trade payables

	31 December 2019	**31 December 2018**
Trade payables	1.598.924.668	943.294.234
Expense accruals	26.352.061	15.941.809
	1.625.276.729	**959.236.043**

As of the end of the period, trade payable amounting to TL 1.517.175.364 is comprised of letters of credit issued for the purchase of raw materials (prior: TL 900.288.195). Letters of credit are of maturity due to the agreement signed by the Group, the local bank that issued the letters of credit and the foreign intermediary bank. In accordance with agreement, foreign suppliers collected their receivables in cash with discount. Expense accruals consist of interests incurred on deferred payment letters of credit concerning purchase of raw materials.

Trade payables are rediscounted by using effective interest method. The effective discount rates used are 4,80%, 4,82% and 15,60% for payables denominated in USD, EUR and TL respectively. (31 December 2018: USD:%5,53, EUR:%-0,17, TL:%20,28)

The amount of trade payables arising from foreign exchange gains/losses as of the end of the period is TL 46.412.779 (Prior period : 40.229.362)

Foreign currency and liquidity risk on short term trade payables of the Group are disclosed on Note 50.

10. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31 December 2018: None)

11. OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	31 December 2019	31 December 2018
Deposit and guarantees given	4.674.138	252.696
	4.674.138	**252.696**

As of the date of consolidated financial position, deposits and guarantees were given to Custom Administrations.

Long term other receivables

	31 December 2019	31 December 2018
Deposit and guarantees given	2.699.564	2.178.730
	2.699.564	**2.178.730**

Short term other payables

	31 December 2019	31 December 2018
Taxes and duties payable	472.865	1.504.706
Other payables	257.471	163.973
	730.336	**1.668.679**

12. INVENTORIES

	31 December 2019	31 December 2018
Raw materials	456.031.687	702.106.800
Work in process	51.468.955	16.153.726
Finished goods	181.229.011	186.254.216
Goods on transit	114.016.457	-
Merchandised goods	861.602	825.790
Impairment on inventories (*)	(5.917.920)	(57.802.623)
	797.689.792	**847.537.909**

(*) The Group accounted a provision for impairment on finished goods in case the book value is less than net realizable value and recognized them under cost of goods sold in the consolidated profit or loss statement.

The insurance coverage on inventories is TL 106.409.600 (31 December 2018: TL 96.448.000). The depreciation expenses capitalized on inventories is TL 4.154.119 (31 December 2018: TL 2.477.867). (Note 16)

There is no inventory collateralized against liabilities (31 December 2018: None). The Group has no inventory that will be recovered within more than twelve months starting from the date of statement of financial position.

Movement of provision for impairment on inventories is as follows.

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Beginning of the period	57.802.623	12.323
Reversal of previous period	(57.802.623)	(12.323)
Impairment on inventories for current period	5.917.920	57.802.623
End of the period	**5.917.920**	**57.802.623**

13. BIOLOGICAL ASSETS

None. (31 December 2018: None)

14. PREPAID EXPENSES

Short Term Prepaid Expenses

	31 December 2019	**31 December 2018**
Advances given	20.100.581	3.826.979
Financial expense	5.962.921	4.686.009
Insurance expenses	2.276.525	1.598.963
Maintenance expenses	2.195.168	-
Information technology expenses	571.816	325.313
Rent expenses	198.705	809.394
Other expenses	503.001	551.301
	31.808.717	**11.797.959**

Long Term Prepaid Expenses

None. (31 December 2018: None)

15. INVESTMENT PROPERTIES

The Group appointed an independent real estate appraisal company holding a CMB license on December 30, 2019 in order to find out the fair values of the investment properties and correspondingly the investment properties are presented in the consolidated financial statements at their fair values. Change in value is booked in the profit or loss statement. The valuation company used the market value method as valuation model as it was used in the valuation works performed in prior years.

	01.01-31.12.2019	**01.01-31.12.2018**
Beginning of the period	143.650.000	84.185.000
Change in fair value	8.345.000	59.465.000
Disposals	(56.135.000)	-
Fair value at the end of the period	**95.860.000**	**143.650.000**

Detailed information of the lands owned by İzmir Demir Çelik Sanayi A.Ş. is presented below.

City	**District**	**Village**	**Nature**	**Purchase cost**	**Fair Value 31 December 2019**	**Fair Value 31 December 2018**
İzmir	Foça	Samurlu	Field	1.630.160	40.540.000	37.500.000
İzmir	Foça	Horozgediği	Field	94.169	6.215.000	5.300.000
İzmir	Foça	Horozgediği	Land	2.404.923	47.855.000	99.700.000
İzmir	Foça	Horozgediği	Field	525.000	1.250.000	1.150.000
				4.654.252	**95.860.000**	**143.650.000**

As of the end of the period, there is no insurance coverage or collateral on investment properties. (31 December 2018: None).

16. PROPERTY, PLANT AND EQUIPMENT

Movement in the property, plant and equipment is as follows.

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles (*)	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost									
1 January 2019	316.465.002	31.398.276	513.733.428	1.714.231.342	126.387.904	23.218.820	8.011.061	4.467.321	2.737.913.154
TFRS 16 effect	-	-	9.209.651	-	3.687.979	-	-		12.897.630
Additions	454.008	100.818	2.847.618	2.066.767	12.434.397	388.579	19.254	119.969.295	138.280.736
Disposals	-	-	-	(25.642.438)	(2.796.385)	(120.442)	-	-	(28.559.265)
Transfers	-	1.266.092	10.054.552	86.429.433	620.104	47.775	-	(98.417.956)	-
Increase in value	128.620.000	4.533.541	82.261.199	458.219.672	-	-	-	-	673.634.412
Reversal of impairment	-	-	9.681.466	-	-	-	-	-	9.681.466
Impairment	-	-	(3.090.676)	-	-	-	-	-	(3.090.676)
31 December 2019	**445.539.010**	**37.298.727**	**624.697.238**	**2.235.304.776**	**140.333.999**	**23.534.732**	**8.030.315**	**26.018.660**	**3.540.757.457**
Accumulated depreciation									
1 January 2019	-	(19.095.125)	(228.406.206)	(710.655.118)	(71.943.272)	(14.044.057)	(7.542.866)	-	(1.051.686.644)
Additions	-	(2.101.302)	(15.373.359)	(98.779.998)	(9.973.966)	(2.037.458)	(211.777)	-	(128.477.860)
Disposals	-	-	-	16.948.232	2.796.385	31.115	-	-	19.775.732
Reversal of impairment		-	(3.777.211)	-	-	-	-	-	(3.777.211)
31 December 2019	**-**	**(21.196.427)**	**(247.556.776)**	**(792.486.884)**	**(79.120.853)**	**(16.050.400)**	**(7.754.643)**	**-**	**(1.164.165.983)**
Net Book Value as of 31 December 2018	**316.465.002**	**12.303.151**	**285.327.222**	**1.003.576.224**	**54.444.632**	**9.174.763**	**468.195**	**4.467.321**	**1.686.226.510**
Net Book Value as of 31 December 2019	**445.539.010**	**16.102.300**	**377.140.462**	**1.442.817.892**	**61.213.146**	**7.484.332**	**275.672**	**26.018.660**	**2.376.591.474**

(*) Vehicles also contain ships owned by the Group.

As of 31 December 2019, the insurance coverage on fixed assets of the Group amounted to TL 7.343.719.017. The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2019 amounted to TL 128.477.860. As of end of the period, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 4.154.119. (Note 12)

A first level mortgage was placed on the property in the town of Horozgediği in Aliağa in favor of Türkiye Garanti Bankası A.Ş. on 14 November 2011 amounting to TL 1,100,000,000. The mortgage is related with the long-term loan received from the mentioned bank within the power plant project of İzdemir Enerji Elektrik Üretim A.Ş. (31 December 2016: 1,100,000,000)

Construction in progress as of 31 December 2019 is composed of TL 24.377.384 for environmental infrastructure expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 297.644 for factory modernization of Akdemir Çelik Sanayi ve Ticaret A.Ş., TL 1.343.632 for building seaport dock for İDÇ Liman İşletmeleri A.Ş.

31 December 2019	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	7.871.780	463.596.319	1.268.265.548
Accumulated depreciation (-)	-	(225.408.287)	(657.087.323)
Net Book Value	**7.871.780**	**238.188.032**	**611.178.225**

31 December 2018	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	7.417.770	442.342.491	1.196.124.414
Accumulated depreciation (-)	-	(212.464.126)	(625.174.296)
Net Book Value	**7.417.770**	**229.878.365**	**570.950.118**

Movement in the property, plant and equipment is as follows for the period ended 31 December 2018

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles (*)	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost									
1 January 2018	316.465.002	30.598.140	510.670.679	1.707.316.159	122.498.416	20.239.806	7.965.681	7.067.501	2.722.821.384
Additions	-	182.020	1.775.158	12.449.840	6.203.381	1.722.741	45.380	8.445.991	30.824.511
Disposals	-	-	-	(9.247.044)	(2.313.893)	(4.323)	-	(4.167.481)	(15.732.741)
Transfers	-	618.116	1.287.591	3.712.387	-	1.260.596	-	(6.878.690)	-
31 December 2018	**316.465.002**	**31.398.276**	**513.733.428**	**1.714.231.342**	**126.387.904**	**23.218.820**	**8.011.061**	**4.467.321**	**2.737.913.154**
Accumulated depreciation									
1 January 2018	-	(17.597.241)	(215.592.732)	(637.152.698)	(66.305.260)	(11.992.329)	(6.702.086)	-	(955.342.346)
Additions	-	(1.497.884)	(12.813.474)	(82.730.560)	(7.786.555)	(2.052.378)	(840.780)	-	(107.721.631)
Disposals	-	-	-	9.228.140	2.148.543	650	-	-	11.377.333
31 December 2018	**-**	**(19.095.125)**	**(228.406.206)**	**(710.655.118)**	**(71.943.272)**	**(14.044.057)**	**(7.542.866)**	**-**	**(1.051.686.644)**
Net Book Value as of 31 December 2017	**316.465.002**	**13.000.899**	**295.077.947**	**1.070.163.461**	**56.193.156**	**8.247.477**	**1.263.595**	**7.067.501**	**1.767.479.038**
Net Book Value as of 31 December 2018	**316.465.002**	**12.303.151**	**285.327.222**	**1.003.576.224**	**54.444.632**	**9.174.763**	**468.195**	**4.467.321**	**1.686.226.510**

(*) Vehicles also contain ships owned by the Group.

As of 31 December 2018, the insurance coverage on fixed assets of the Group amounted to TL 6.270.461.505 (TL 136.783.400 of which is for ships). The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2018 amounted to TL 107.721.631. As of 31 December 2018, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 2.477.867. (Note 12)

A first level mortgage was placed on the property in the town of Horozgediği in Aliağa in favor of Türkiye Garanti Bankası A.Ş. on 14 November 2011 amounting to TL 1,100,000,000. The mortgage is related with the long-term loan received from the mentioned bank within the power plant project of İzdemir Enerji Elektrik Üretim A.Ş. (31 December 2016: 1,100,000,000)

Construction in progress as of 31 December 2018 is composed of TL 1.686.365 for environmental infrastructure expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 1.282.091 for factory modernization of Akdemir Çelik Sanayi ve Ticaret A.Ş., TL 1.498.862 for building seaport dock for İDÇ Liman İşletmeleri A.Ş.

Distribution of depreciation expenses relating to property, plant and equipment is as follows.

	01.01.-31.12.2019	**01.01.-31.12.2018**
Cost of goods sold	90.430.806	82.930.698
Cost of service	21.771.064	18.073.142
Capitalized on inventories	4.154.119	2.477.867
General administrative expenses (Note 35)	3.320.093	860.973
Other operating expenses	8.801.778	3.378.951
	128.477.860	**107.721.631**

17. RIGHTS OVER SHARES ARISING FROM DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS

None. (31 December 2018: None)

18. MEMBERS' SHARES IN COOPERATIVE ENTITIES AND SIMILAR FINANCIAL INSTRUMENTS

None. (31 December 2018: None)

19. INTANGIBLE ASSETS

Cost	**Rights**
1 January 2019	4.641.859
Purchases	8.510
Disposals	(11.714)
31 December 2019	**4.638.655**
Accumulated amortization	
1 January 2019	(3.841.460)
Charge for the period	(319.097)
Disposals	11.714
31 December 2019	**(4.148.843)**
Net Book Value as of 31 December 2019	**489.812**

Amortization expenses for the period 1 January – 31 December 2019 amounted to TL 319.097. No amortization expense is capitalized on inventories associated with intangible assets.

Cost	**Rights**
1 January 2018	4.543.243
Purchases	98.616
31 December 2018	**4.641.859**
Accumulated amortization	
1 January 2018	(3.361.381)
Charge for the period	(480.079)
31 December 2018	**(3.841.460)**
Net Book Value as of 31 December 2018	**800.399**

Amortization expenses for the period 1 January – 31 December 2018 amounted to TL 480.079. No amortization expense is capitalized on inventories associated with intangible assets.

Distribution of amortization expenses relating to intangible assets is as follows.

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Cost of goods sold	76.038	86.818
General administrative expenses (Note 35)	243.059	393.261
	319.097	**480.079**

20. GOODWILL

None. (31 December 2018: None)

21. EXPLORATION AND DEVELOPMENT OF MINERAL RESOURCES

None. (31 December 2018: None)

22. FINANCIAL LEASES

None. (31 December 2018: None)

23. CONCESSION SERVICE ARRANGEMENTS

None. (31 December 2018: None)

24. IMPAIRMENT OF ASSETS

None. (31 December 2018: None)

25. GOVERNMENT GRANTS AND INCENTIVES

For the period ended 1 January – 31 December 2019, the Group has an income of TL 7.201.831 from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 (1 January–31 December 2018: TL 7.971.525). This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

26. BORROWING COSTS

None. (31 December 2018: None)

27. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2019	**31 December 2018**
Provisions for litigation	-	3.000
Manufacturing overhead	1.144.330	1.135.344
Collective agreement wages	3.356.455	-
	4.500.785	**1.138.344**

Movement of provisions for litigation is as follows.

	01.01.-31.12.2019	**01.01.-31.12.2018**
Balance at the beginning of the period	**3.000**	**45.972**
Reversal	(3.000)	42.972
End of the period	**-**	**3.000**

28. COMMITMENTS

Guarantees and bails received by the Group	31 December 2019	31 December 2018
Letters of guarantee received	32.829.627	14.370.173
Bails received	8.451.977.744	7.702.904.226
	8.484.807.371	**7.717.274.399**

Letters of guarantee are composed of the letters received from local vendors in return for goods and services rendered by the vendors. Bails received comprise bails provided by the Group's related parties and shareholders for the bank borrowings.

Guarantees, pledges and mortgages that are given by the Group at the end of the period are as follows.

	31 December 2019			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	**EUR**	**USD**	**TL**	**TL**
A. Total amount of GPM given on behalf of own legal entities within Group	200.000	7.931.000	40.340.919	88.782.765
B. Total amount of GPM given in favor of consolidated subsidiaries	-	328.000.000	1.440.572.753	3.388.958.353
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**200.000**	**335.931.000**	**1.480.913.672**	**3.477.741.118**

The ratio of other GPM given by the Group to the equity of the Group is 0%.

	31 December 2018			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	**EUR**	**USD**	**TL**	**TL**
A. Total amount of GPM given on behalf of own legal entities within Group	200.000	6.781.000	40.067.250	76.947.012
B. Total amount of GPM given in favor of consolidated subsidiaries	-	322.500.000	1.413.921.432	3.110.561.682
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**200.000**	**329.281.000**	**1.453.988.682**	**3.187.508.694**

detail of the letters of guarantee given to the various public institutions on behalf of legal entities within the Group is as follows.

	31 December 2019			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to customs office	200.000	-	5.901.181	7.231.301
Given to tax office	-	-	272.080	272.080
Given to electricity distribution companies	-	-	13.363.403	13.363.403
Given to natural gas distribution companies	-	-	19.396.964	19.396.964
Given to banks	-	3.331.000	-	19.786.806
Other letters of guarantee given	-	4.600.000	1.407.291	28.732.211
Total	**200.000**	**7.931.000**	**40.340.919**	**88.782.765**

	31 December 2018			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to customs office	200.000	-	5.901.181	7.106.781
Given to tax office	-	-	1.643.987	1.643.987
Given to electricity distribution companies	-	-	13.298.232	13.298.232
Given to natural gas distribution companies	-	-	17.637.308	17.637.308
Given to banks	-	2.000.000	-	10.521.800
Other letters of guarantee given	-	4.781.000	1.586.541	26.738.904
Total	**200.000**	**6.781.000**	**40.067.249**	**76.947.012**

Detail of the bails that the Group and its subsidiaries are given for using various loans in favor of each other is as follows.

	Original Currencies		
31 December 2019	**USD**	**TL**	**Total TL**
Bails given to fully consolidated companies			
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	12.199.859	12.199.859
- Given to İDÇ Liman İşletmeleri A.Ş.	15.000.000	15.601.573	94.515.073
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	307.500.000	1.386.120.000	3.003.846.750
Total	**322.500.000**	**1.413.921.432**	**3.110.561.682**

	Original Currencies		
31 December 2018	**USD**	**TL**	**Total TL**
Bails given to fully consolidated companies			
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	12.199.859	12.199.859
- Given to İDÇ Liman İşletmeleri A.Ş.	15.000.000	15.601.573	94.515.073
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	307.500.000	1.386.120.000	3.003.846.750
Total	**322.500.000**	**1.413.921.432**	**3.110.561.682**

29. EMPLOYEE BENEFITS

Payables within the context of employee benefits

	31 December 2019	**31 December 2018**
Payable due to personnel	6.823.849	5.949.393
Social security premiums payable	4.097.478	3.476.192
Income tax payable	2.799.337	2.598.352
	13.720.664	**12.023.937**

Long term employee severance indemnity

	31 December 2019	**31 December 2018**
Employee severance indemnity	29.280.705	26.508.231
Vacation pay liability	2.645.637	3.077.108
	31.926.342	**29.585.339**

Movement of employee severance indemnity is as follows.

Employee Severance Indemnity	**01.01.-31.12.2019**	**01.01.-31.12.2018**
Provision at the beginning of the period	26.508.231	19.596.430
Service cost	8.673.220	4.752.419
Interest cost	4.214.915	3.531.038
Actuarial loss / (gain)	(393.187)	1.680.247
Employee severance indemnity payment	(9.427.492)	(2.809.310)
Provisions no longer required	(294.982)	(242.593)
Provision at the end of the period	**29.280.705**	**26.508.231**

Actuarial loss/gain is recognized in other comprehensive income.

Under the Turkish Labor Law, employees whose contracts are terminated by the employer for reasons set by the law are entitled to be paid compensation. As of 31 December 2019, the amount payable as compensation for each year served is equal to one month's salary subject to a ceiling of TL 6.379,86 (31 December 2018: TL 5.434,42)

Employee severance indemnity is not subject to any funding as statutory requirement. Employee severance indemnity of the group has been calculated as expressed in Note 2. The liability is computed on a thirty day wage base with a maximum of TL 6.379,86 for each year of service and utilizing the rates on date of retirement or departure.

Based on the basis that is mentioned above, the group calculated provisions for employee severance indemnity and recorded to the financial statements by estimating the present value of the future probable obligation arising from the retirement of the employees.

Accordingly, the following actuarial assumptions were used in the calculation of the provision.

	31 December 2019	**31 December 2018**
Inflation rate	% 10,17	% 19,73
Real discount rate	%1,25	%1,38

The group's expected probability rate to pay the employee severance indemnity is 96% except those quitting their jobs on their own wish and those not eligible for severance pay (31 December 2018: 96%).

Movement of the vacation pay liability is as follows.

	01.01.-31.12.2019	**01.01.-31.12.2018**
Beginning of the period	3.077.108	3.038.310
Change for the period	(431.471)	38.798
End of the period	**2.645.637**	**3.077.108**

Vacation pay liability was calculated by multiplying remaining vacation days with daily salaries. Current period allowance is accounted under long term provisions in consolidated financial statements.

30. EXPENSES BY NATURE

	01.01.-31.12.2019	**01.01.-31.12.2018**
Raw material costs	3.235.393.835	3.668.877.891
Utility expenses	385.933.479	353.935.201
Labour costs	204.664.276	198.641.969
Depreciation and amortization	124.642.838	105.723.843
General manufacturing expenses	114.167.331	129.582.043
Foreign exchange loss	87.848.366	253.377.055
Freight costs	66.652.387	45.305.060
Change in inventories	(44.720.473)	(139.187.725)
Other	150.414.839	137.483.976
	4.324.996.878	**4.753.739.313**

31. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2019	**31 December 2018**
Deferred VAT (*)	8.998.331	4.495.305
Income accrual	2.511.920	25.592.128
Prepaid tax	1.892.469	1.825.425
Work advances	64.894	81.967
Personnel advances	21.122	28.555
Other various current assets	76.416	59.847
	13.565.152	**32.083.227**

Other Current Liabilities

	31 December 2019	**31 December 2018**
Order advances received	85.127.065	12.799.406

VAT payable	14.944.519	25.179.376
Deferred income	3.290.045	1.929.434
Other liabilities	20.970	62.205
	103.382.599	**39.970.421**

32. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid in Capital

The Company adopted registered paid- in capital system pursuant to the articles of the Law numbered 2499 after the permission from the Capital Market Board on 22 August 1984. The Company's registered capital is TL 600.000.000; shares are divided into 60.000.000.000 each with a nominal value of Kurus 1.

The permission granted by the Capital Market Board to be on the registered capital ceiling is valid for the years between 2017 and 2022 (5 years). Board of directors cannot take decision after 2022 for increase of capital even if the registered capital ceiling allowed till the end of 2022 is not reached. It is compulsory to obtain authorization for a new capital ceiling from the General Assembly provided that the Capital Market Board endorses the ceiling. If mentioned authority is not taken, the Company is deemed to have come out from the registered capital system.

The Company's issued share capital is, fully paid TL 375.000.000. This capital is formed in total 37.500.000.000 unit shares of Group A which has 800 units written to name each valued 1 Kurus (700 pieces to Şahin Koç Çelik Sanayi A.Ş., 100 pieces to Deba Holding A.Ş.) and of Group B which has 37,499,999,200 units written to name each valued 1 Kurus. Registration to stock register of the shares written to name is subject to the approval of the Board. Registered shares may be withheld from the record by the Group even with no reason.

The capital structure is as follows.

Shareholders	(%)	31 December 2019	(%)	31 December 2018
Şahin – Koç Çelik Sanayi A.Ş.	58,13	217.972.335	58,13	217.972.335
Halil Şahin	14,79	55.459.438	14,79	55.459.438
Şahin Şirketler Grubu Holding	5,45	20.444.300	5,45	20.444.300
Other (Publicly traded)	21,63	81.123.927	21,63	81.123.927
Capital with historic value	**100**	**375.000.000**	**100**	**375.000.000**

Group A shares are the privileged shares. More than the half of the Members of Board of Directors is elected from the owners of Group A shares at the General Assembly. After distribution of first dividends founding shareholders are entitled to receive 10% of the remaining profit. Then, Board of Directors are entitled to receive 10% of the remaining profit.

Inflation Adjustment on Capital

	31 December 2019	31 December 2018
Inflation adjustment on capital	22.763.962	22.763.962

	22.763.962	**22.763.962**

Legal Reserves

	31 December 2019	31 December 2018
Legal reserves	25.832.374	25.832.374
	25.832.374	**25.832.374**

The legal reserves are comprised of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in-capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in-share capital in case of full distribution of respective profit as dividend. The legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in-capital.

Publicly-traded companies are obligated to execute distribution of dividend in compliance with the communique No. II-19.1 issued by the CMB, effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend policies settled and dividend payment decision taken in general assembly and also conforming to relevant legislations. The communique does not dictate a minimum dividend rate. Companies distribute dividend in accordance with the frame defined in their dividend policy or articles of incorporation. Furthermore, dividend can be distributed by fixed or variable installments and advance dividend can be paid on the profit reported on interim financial statements.

Retained earnings

Retained earnings in legal books can be distributed taking the following article into consideration.
In accordance with the Communiqué II, No: 14.1; at the first time application of inflation adjustments on financial statements, equity items, namely Share Premiums, Legal Reserves, Statue Reserves, Special Reserves and Extraordinary Reserves were carried at nominal value in the statement of financial position and inflation differences of such items were presented in equity under the retained earnings in total.

Revaluation Fund Gains and Losses

Revaluation Fund Gains and Losses are composed of increases/decreases on valuation of tangible fixed asset and actuarial gains/losses on employee benefits.
With amendments to standard of TAS 19 Employee Benefits, actuarial gains and losses taken into consideration in calculation of severance indemnity provision are not allowed to be accounted in profit or loss statement. Gains and losses arising from changes in actuarial assumptions are recorded as revaluation fund gains and losses in equity.

Movement of Revaluation Fund Gains/ (Losses) is as follows.

	01.01.-31.12.2019	**01.01.-31.12.2018**
Beginning of the period	645.677.428	673.964.320

Revaluation of fixed assed	520.212.826	-
Depreciation transfer from revaluation fund	(58.757.862)	(33.688.395)
Deferred tax calculated over depreciation	11.751.573	6.737.679
Losses on revaluation of employee benefits	401.695	(1.673.563)
Deferred tax calculated on losses on revaluation of employee benefits	(80.339)	334.713
Effect of change in shareholding at subsidiary	17.427.089	
Fund outflow due to sale of fixed asset	(22.505.725)	2.674
End of the period	**1.114.126.685**	**645.677.428**

Non-Controlling Interests

	31 December 2019	31 December 2018
Shares in capital	20.136.027	20.136.027
Revaluation fund	31.669.786	31.398.900
Actuarial loss / (gain)	(4.041)	866
Shares in accumulated profit / (losses)	(22.343.207)	(15.842.966)
Share in profit / (loss) for the period	(5.546.270)	(20.278.157)
	23.912.295	**15.414.670**

33. REVENUE AND COST OF SALES

	01.01.-31.12.2019	**01.01.-31.12.2018**
Domestic sales	2.981.093.610	3.667.579.137
International sales	1.141.255.536	1.005.245.249
Sales returns (-)	(2.875.541)	(588.408)
Other deductions from sales (-) (*)	(4.121.727)	(6.213.751)
Revenue	**4.115.351.878**	**4.666.022.227**
Cost of goods sold	(3.841.148.313)	(4.182.650.325)
Cost of merchandise sold	(61.821.667)	(60.154.131)
Cost of services	(157.796.792)	(125.544.826)
Cost of other sales	**(4.060.766.772)**	**(4.368.349.282)**
Cost of Sales		
	54.585.106	**297.672.945**
Gross Profit	2.981.093.610	3.667.579.137

Details of the reportable segments used in management reporting are disclosed in Note 5.

34. CONSTRUCTION CONTRACTS

None. (31 December 2018: None)

35. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01.01.-31.12.2019	**01.01.-31.12.2018**
General administrative expenses	40.962.665	29.632.754
Marketing expenses	45.917.613	31.904.917
	86.880.278	**61.537.671**

General Administrative Expenses

	01.01.-31.12.2019	**01.01.-31.12.2018**
Personnel expenses	21.143.975	13.908.069
Depreciation and amortization expenses	3.563.152	1.254.234
Insurance expenses	3.133.789	709.546
Taxes and other legal dues	1.595.801	2.055.154
Counselling and consultation expenses	1.229.336	1.805.342
Subscription expenses	1.011.912	907.924
Employee severance indemnity expenses	965.220	582.016
Vehicle expenses	964.671	1.420.743
Communication expenses	894.145	881.805
Information technology expenses	815.565	803.003
Representation and accommodation expenses	682.609	808.538
Court expenses	669.616	356.712
Travelling expenses	549.581	611.157
Food expenses	318.386	268.943
Other expenses	3.424.907	3.259.568
	40.962.665	**29.632.754**

Marketing Expenses

	01.01.-31.12.2019	**01.01.-31.12.2018**
Electricity sales expenses	27.475.892	18.451.686
Commission expenses	5.874.521	4.962.182
Transportation expenses	5.122.568	4.479.688
Port services	2.766.205	-
Personnel expenses	1.886.272	1.247.142
Export expenses	1.188.239	1.246.628
Other expenses	1.603.916	1.517.591
	45.917.613	**31.904.917**

36. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Sale of raw material	24.218.217	58.806.867
Indemnity income	10.173.641	9.221.789
Prior Period income	4.092.015	-
Reversal of unnecessary provisions	3.380.278	320.864
Finance income over sales with maturity	1.959.449	3.621.911
Rediscount income	1.574.017	2.513.392
Bunker	-	6.348.414
Other	5.857.288	7.668.203
	51.254.905	**88.501.440**

Other Expenses from Operating Activities

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Foreign exchange losses -net	87.848.366	253.377.055
Cost of raw material sold	21.288.235	55.786.948
Doubtful receivables	40.962.556	709.535
Idle time expenses	14.551.244	4.232.512
Insured damage expenses	3.315.698	5.392.717
Cost of bunker	1.596.141	-
Rediscount expenses	1.272.090	1.462.047
Other	6.515.498	2.891.545
	177.349.828	**323.852.359**

37. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from Investing Activities

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Changes in fair value of derivative financial instruments	17.606.769	-
Increase in value in investment properties	8.345.000	59.465.000
Gain on sales of fixed asset	7.682.188	58.120
Reversal of impairment	2.813.579	-
income from financial derivatives	-	51.120.427
	36.447.536	**110.643.547**

Expenses from Investing Activities

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Loss on derivative financial instruments	61.371.019	-

Foreign exchange losses	24.571.727	47.823.956
Changes in fair value of derivative financial instruments	-	20.762.082
	85.942.746	**68.586.038**

38. EXPENSES CLASSIFIED BY VARIETIES

Expenses are demonstrated by their function, and details of expenses are disclosed in Note 30, 33 and 35.

39. FINANCIAL INCOME AND EXPENSES

Financial Income

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Interest income	12.229.359	11.889.140
Foreign exchange gains	11.356.019	11.428.690
Premium income on letter of credits	-	22.682
	23.585.378	**23.340.512**

Financial Expenses	**01.01.- 31.12.2019**	**01.01.- 31.12.2018**
Interest expenses	238.160.291	154.526.116
Foreign exchange losses	155.379.432	371.467.268
Bank charges	28.977.685	12.647.398
	422.517.408	**538.640.782**

40. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS

The group has other comprehensive gain amounting to TL 539.222.079 for the period ended 31 December 2019 not to be reclassified to profit or loss (31 December 2018: 1.344.198). The amount is composed of actuarial losses on re-measurement of employee benefits and revaluation of fixed assets.

41. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (31 December 2018: None)

42. INCOME TAXES (INCLUDED DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax Payable	**31 December 2019**	**31 December 2018**
Provision for corporate tax payable	3.447.830	199.728
Prepaid taxes and funds	(3.097.278)	(199.728)

	350.552	**-**

Tax Provision for the Period	**01.01.- 31.12.2019**	**01.01.- 31.12.2018**
Corporate tax provision	(3.447.830)	(199.728)
Deferred tax income / (expense)	81.454.746	109.295.416
	78.006.916	**109.095.688**

Corporate Tax

The Company and its subsidiaries in Turkey, are subject to corporate tax in Turkey. The estimated tax liabilities, which is regarding Group's current period operating results, are recognized in the accompanying consolidated financial statements. Corporate tax that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

Effective corporation tax rate applied in Turkey till 2017 was 20 %. A temporary article is added on corporation tax act in official gazette published on December 5, 2017 numbered 30261. The temporary article dictates that rate of corporation tax will be applied as 22% on taxable earnings for the years 2018, 2019 and 2020.

Temporary tax is calculated and accrued quarterly in Turkey. Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit to be earned in the coming years.

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies submit their tax declarations between 1-25 April coming after the related year's balancing period (for the companies having special account period, between 1 and 25 of fourth month following the closing of period). These tax declarations and concerning accounting records may be inspected and changed by tax department in five years.

Withholding Tax:

In addition to Corporation Tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 withholding tax rate was altered to 15%. Dividends that are added to capital without distribution are not subject to withholding tax. It is necessary to make tax withholding at 19.8% over investment allowance balance utilized based on investment incentive certificate received prior to 24 April 2003. 40% of company activities directly related to production investment certificate. Investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Communiqué Serial: II, No: 14.1 and the statutory tax financial statements. The differences which are explained below usually result in the recognition of revenue and expenses in different reporting periods for Account Standards Communiqué of CMB and tax purposes.

Timing differences arise from differences which occurred because of change in income and expense items between accounting and tax base. Time differences are being calculated based on tangible fixed assets (except land and area), intangible fixed assets, revaluation of stocks; rediscount of receivables and payables, financial liabilities, provision for employee severance indemnity and previous years' losses. The ratio of deferred tax applied is 20% in the reporting period.

Items that constitute base to deferred tax and corporate tax are presented below.

	31 December 2019		31 December 2018	
	Temporary Difference	**Deferred Tax**	**Temporary Difference**	**Deferred Tax**
Deferred Tax Assets				
Inventories	35.065.254	7.714.356	76.561.337	16.843.494
Employee severance indemnity	23.815.619	4.763.124	20.649.952	4.129.990
Trade receivables	46.214.133	10.167.109	15.158.518	3.334.874
Financial investments	445.357	89.071	445.357	89.071
Fair values of derivative financial instruments	(3.723.295)	(819.125)	13.883.474	3.054.364
Other non-current and current liabilities	7.935.890	1.745.896	3.517.441	773.837
Debt provisions	-	-	3.000	660
Tangible and intangible assets	94.231.410	19.122.921	118.929.817	23.785.964
Other current assets	28.963.568	6.371.985	14.414.075	3.171.096
Trade payables	(22.419.662)	(4.932.326)	(12.790.022)	(2.813.805)
Tax losses carried forward	365.821	80.481	887.722.269	182.817.781
Actuarial loss fund on severance indemnity	1.261.143.355	254.271.623	5.858.278	1.171.656
	5.465.090	1.093.018		**236.358.982**
Deferred Tax Liabilities				
Fair values of property, plant equipment	1.415.570.593	283.114.119	809.545.326	161.909.065
Investment properties	91.205.748	9.120.575	136.657.042	13.665.704
		292.234.694		**175.574.769**
Net Deferred Tax Liabilities		**7.433.439**		**60.784.213**

Movements in Deferred Tax Asset / (Liability)	**01.01.- 31.12.2019**	**01.01.- 31.12.2018**
Balance at the beginning of the period	60.784.213	(49.846.710)
Tax effect of actuarial loss /(gain) of severance indemnity	(78.638)	336.049
Deferred tax income	81.454.746	109.295.415
Effect of increase in revaluation fund	(134.726.882)	-
Effect of change in accounting policy TFRS 9	-	999.459
Balance at the end of the period	**7.433.439**	**60.784.213**

Movement of deferred tax assets and liabilities are presented below.

	1 January 2019	**Recognised in profit loss statement**	**Recognized in other comprehensive income**	**31 December 2019**
Deferred Tax Assets				
Inventories	16.843.494	(9.129.138)	-	7.714.356
Employee severance indemnity	4.129.990	633.134	-	4.763.124

Trade receivables	3.334.874	6.832.235	-	10.167.109
Financial investments	89.071	-	-	89.071
Fair values of derivative financial instruments	3.054.364	(3.873.489)	-	(819.125)
Other non-current and current liabilities	773.837	972.059	-	1.745.896
Debt provisions	660	(660)	-	-
Tangible and intangible fixed assets	23.785.964	(4.663.043)	-	19.122.921
Other current assets	3.171.096	3.200.889	-	6.371.985
Trade payables	(2.813.805)	(2.118.521)	-	(4.932.326)
Tax losses carried forwards	182.817.781	71.453.842	-	254.271.623
Financial leasing	-	80.481	-	80.481
Actuarial loss fund on severance indemnity	1.171.656	-	(78.638)	1.093.018
	236.358.982	**63.387.789**	**(78.638)**	**299.668.133**
Deferred Tax Liabilities				
Fair values of property, plant equipment	161.909.065	(13.521.828)	134.726.882	283.114.119
Investment properties	13.665.704	(4.545.129)	-	9.120.575
	175.574.769	**(18.066.957)**	**134.726.882**	**292.234.694**
Net Deferred Tax Assets/ (Liabilities)	**60.784.213**	**81.454.746**	**(134.805.520)**	**7.433.439**

	1 January 2018	**Current period deferred tax income**	**Recognized in other comprehensive income**	**Recognized in retained earnings /Losses**	**31 December 2018**
Deferred Tax Assets					
Inventories	1.247.528	15.595.966	-	-	16.843.494
Employee severance indemnity	3.083.680	1.046.310	-	-	4.129.990
Trade receivables	1.182.714	1.152.701	-	999.459	3.334.874
Financial investments	89.071	-	-	-	89.071
Fair values of derivative financial instruments	(1.375.722)	4.430.086	-	-	3.054.364
Other non-current and current liabilities	286.826	487.011	-	-	773.837
Debt provisions	253.373	(252.713)	-	-	660
Tangible and intangible fixed assets	25.757.822	(1.971.859)	-	-	23.785.965
Other current assets	2.504.004	667.092	-	-	3.171.096
Trade payables	(1.332.472)	(1.481.333)	-	-	(2.813.805)
Tax losses carried forwards	94.259.032	88.558.749	-	-	182.817.781
Actuarial loss fund on severance indemnity	835.606	-	336.049	-	1.171.655
	126.791.462	**108.232.010**	**336.049**	**999.459**	**236.358.982**
Deferred Tax Liabilities					
Fair values of property, plant equipment	168.918.968	(7.009.903)			161.909.065
Investment properties	7.719.204	5.946.500			13.665.704
	176.638.172	**(1.063.403)**	**-**		**175.574.769**
Net Deferred Tax Assets/ (Liabilities)	**(49.846.710)**	**109.295.415**	**336.049**	**999.459**	**60.784.213**

Reconciliation of tax provision that is presented in the profit or loss statement is as follows.

Reconciliation of tax provision	**01.01.- 31.12.2019**	**01.01.- 31.12.2018**
Net profit/(loss) for the period	(528.810.419)	(362.037.382)
Total tax income / (expense)	78.006.916	109.095.688

Profit /(loss) before tax		(606.817.335)	(471.133.070)
Tax on profit per statutory tax rate of the parent company	%22	133.499.814	103.649.275
Non-deductible expenses		(1.049.638)	(881.508)
Tax exempt income		-	1.558.798
Discount on tax rate		(5.454.155)	7.135.800
Effect of change on corporation tax rate		(11.193.268)	(3.387.092)
Cancellation of retained earnings		(36.205.165)	-
Other		(1.590.672)	1.020.414
Total tax income		**78.006.916**	**109.095.687**

The maturity of the tax losses are as follows:

		31 December 2019	**31 December 2018**
Period of tax losses occurred	Maturity of tax losses	Tax losses carried forward	Tax losses carried forward
2014	2019	-	22.709.474
2015	2020	99.097.420	240.956.879
2016	2021	117.719.937	117.719.937
2017	2022	89.908.872	89.908.872
2018	2023	416.407.663	416.427.107
2019	2024	538.009.463	-
Total		**1.261.143.355**	**887.722.269**

43. EARNINGS PER SHARE

Weighted average number of the company shares and calculated earnings per share are as follows

	01.01.- 31.12.2019	**01.01.- 31.12.2018**
Profit for the period attributable to parent company	(523.264.149)	(341.759.225)
Weighted average number of ordinary shares	375.000.000	375.000.000
Earnings / (losses) per share TL	(1,3954)	(0,9114)
Earnings / (losses) per share	(%139,54)	(%91,14)

44. SHARE-BASED PAYMENT

None. (31 December 2018: None)

45. INSURANCE CONTRACTS

None. (31 December 2018: None)

46. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Analyse of changes in foreign exchange rates is depicted in note 50. Foreign exchange loss recorded on income statement for the current period is TL 256.443.507.

47. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

None. (31 December 2018: None)

48. DERIVATIVE INSTRUMENTS

	31 December 2019	31 December 2018
Income accrual on derivative instruments	4.034.785	754.684
	4.034.785	**754.684**

Income accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

	31 December 2019	31 December 2018
Expense accrual on derivative instruments	311.490	14.638.158
	311.490	**14.638.158**

Expense accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

Forward exchange transactions

The Group's business operations are exposed to financial risk due to changes in currency rate and interest rate basically. The Group utilizes derivative financial instruments (primarily currency exchange forward contracts) to avoid fair value risks.

Derivative financial instruments are calculated at fair value on contract date and recalculated at their fair value at next reporting date. The variations on market values are accounted in the profit or loss statement of relevant period.

The Group does not adopt hedge accounting for derivative financial instruments. Details of forward and option contracts entered by the Group are summarized below.

Forward contracts:

	Maturity	Exchange rate parity	To be handed over to bank	To be received from bank
CHF Sale USD Purchase	1 month	0,97	4.907.000	5.015.331,15
TL Sale USD purchase	1-3 month	5,94 – 6,36	122.375.500	19.400.000
USD Sale EUR Purchase	6 month	1,11 - 1,12	8.959.250	8.000.000
USD Sale TL Purchase	1-3 month	5,94 - 6,68	19.050.000	124.196.820

49. FINANCIAL INSTRUMENTS

	31 December 2019	31 December 2018
Financial assets		
Cash and cash equivalents (Note 7)	341.578.706	116.080.037
Trade receivables (Note 6 and 9)	121.670.586	248.858.138

Financial investments (Note 8)	930.073	930.073
Financial liabilities		
Financial liabilities	1.791.284.764	1.844.956.446
Trade payables (Note 6 and 9)	1.626.743.123	959.307.769

Financial Borrowings

	31 December 2019	31 December 2018
Short term borrowings	1.044.709.520	1.056.993.478
Short term portion of long term borrowings	209.137.945	181.843.935
Financial leasing	1.053.048	-
Total short term financial borrowings	**1.254.900.513**	**1.238.837.413**
Long term borrowings	525.356.832	606.119.033
Financial leasing	11.027.419	-
Total financial borrowings	**1.791.284.764**	**1.844.956.446**

There is interest expense accrual amounting to TL 47.587.043 on total financial borrowings for thee period ended. (31 December 2018: TL 22.024.625). The mentioned accrual is included in short term borrowings.

The pledges and mortgages given by the Group against borrowings are disclosed in Note 16 and 28.

Breakdown of short term and long term financial borrowings in terms of currency are as follows.

31 December 2019

Currency	Short term	Long term	Total	TL equivalent
USD	117.924.575	71.144.986	189.069.561	1.123.111.006
EUR	10.000.000	-	10.000.000	66.506.000
TL	439.258.861	102.741.387	542.000.248	542.000.248
				1.731.617.254
Interest expense accrual				47.587.043
Total				**1.779.204.297**

31 December 2018

Currency	Short term	Long term	Total	TL equivalent
USD	189.272.953	101.269.560	290.542.513	1.528.515.110
TL	221.066.711	73.350.000	294.416.711	294.416.711
				1.822.931.821
Interest expense accrual				11,362,818

Total	**1.844.956.446**

The contractual interest rates at the statement of financial position date are as follows.

Short term	31 December 2019	31 December 2018
USD borrowings	Libor+0,60- % 4,54-8- 9,35	Libor+0,65- %9
EUR borrowings	%4,82	-
TL borrowings	%11,55 - %21,65	%16,50 - %34

Long term	31 December 2019	31 December 2018
USD borrowings	Libor+3,40	%6,60 - Libor+3,40
TL borrowings	%10,55-%18,01	%15-%16,90

As of the statement of financial position date, principal repayment plans of total borrowings are as follows. Interest accruals and factoring borrowings are excluded.

	31 December 2019	31 December 2018
2019	-	1.216.812.789
2020	1.242.110.423	209.332.375
2021	212.110.012	164.593.261
2022	181.805.927	157.093.261
2023	90.194.067	75.100.135
2024	5.396.825	-
	1.731.617.254	**1.822.931.821**

50. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit risk

Registered values of financial assets show the maximum credit risk exposed. Maximum credit risk exposed as of the reporting date is as follows.

Current Period 31 December 2019	Receivables				Bank Deposits	Derivate Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other party			

Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	**4.435.290**	**117.235.296**	**101.013.021**	**7.373.702**	**341.405.972**	**4.034.785**	**-**
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	4.435.290	97.953.737	101.013.021	7.373.702	341.405.972	4.034.785	-
B. Net book value of impaired assets	-	19.281.559	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	45.787.427	-	-	-	-	-
- Impairment (-)	-	(45.787.427)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

	Receivables						
	Trade Receivables		**Other Receivables**				
Prior Period 31 December 2018	**Related Party**	**Other Party**	**Related Party**	**Other party**	**Bank Deposits**	**Derivate Instruments**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	**45.063.362**	**203.794.776**	**68.031.462**	**2.431.426**	**115.890.931**	**754.684**	**-**
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	44.100.994	141.980.716	68.031.462	2.431.426	115.890.931	754.684	-
B. Net book value of impaired assets	962.368	61.814.060	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	7.998.295	-	-	-	-	-
- Impairment (-)	-	(7.998.295)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Items that enhance the loan security such as collaterals were not taken into consideration in determining the amount.

Group did not set provisions for overdue receivables since there was no trouble with the collection from customers in the past and the receivables which were overdue in prior periods were collected without any problem.

The usage of credit limits are continuously monitored by the Group and the credit quality is constantly evaluated by taking into account the clients' financial position and previous experiences as well as other factors.

The ageing details of receivables of the Group overdue however not impaired are as follows with their due dates.

	Receivables				
Current Period 31 December 2019	**Trade Receivables**	**Other Receivables**	**Bank Deposits**	**Derivate Instruments**	**Other**
Past due 1-30 days	6.250.237	-	-	-	-
Past due 1-3 moths	246.910	-	-	-	-
Past due 3-12 months	5.276.231	-	-	-	-
Past due 1-5 years	7.508.181	-	-	-	-
Past due 5 years or more	-	-	-	-	-

	19.281.559	**-**	**-**	**-**	**-**

Prior Period 31 December 2018	**Receivables**		**Bank Deposits**	**Derivate Instruments**	**Other**
	Trade Receivables	**Other Receivables**			
Past due 1-30 days	12.959.827	-	-	-	-
Past due 1-3 moths	11.410.424	-	-	-	-
Past due 3-12 months	20.872.045	-	-	-	-
Past due 1-5 years	17.534.132	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	62.776.428	**-**	**-**	**-**	**-**

Foreign Currency Risk

	Current Period 31 December 2019						Prior Period 31 December 2018					
	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	Other (TL Equivalent)	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	Other (TL Equivalent)
1. Trade receivables	69.147.560	11.200.155	393.408	-	-	-	110.925.733	19.149.002	1.689.573	-	-	-
2a. Monetary financial assets	246.492.080	36.319.977	96.933	2.704.479	802	29.946.430	169.049.816	30.798.298	1.139.656	767.435	13.859	24.514
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
3. Other	92.561.471	15.582.215	-	-	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**408.201.111**	**63.102.346**	**490.341**	**2.704.479**	**802**	**29.946.430**	**279.975.549**	**49.947.301**	**2.829.229**	**767.435**	**13.859**	**24.514**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	1.365.480	158.068	-	-	-	426.524	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**1.365.480**	**158.068**	**-**	**-**	**-**	426.524	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**409.566.591**	**63.260.414**	**490.341**	**2.704.479**	**802**	**30.372.954**	**279.975.549**	**49.947.301**	**2.829.229**	**767.435**	**13.859**	**24.514**
10. Trade payables	1.587.427.475	266.648.089	513.123	1.323.948	5	-	931.989.652	175.805.974	1.146.062	3.036.200	5.889	
11. Financial liabilities	780.657.983	120.190.673	10.029.373	-	-	-	1.005.902.556	191.203.512	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**2.368.085.458**	**386.838.762**	**10.542.496**	**1.323.948**	**5**	**-**	**1.937.892.208**	**367.009.486**	**1.146.062**	**3.036.200**	**5.889**	
14. Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	422.615.444	71.144.986	-	-	-	-	533.354.903	101.380.924	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**422.615.444**	**71.144.986**	**-**	**-**	**-**	**-**	**533.354.903**	**101.380.924**	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**2.790.700.902**	**457.983.748**	**10.542.496**	**1.323.948**	**5**	**-**	**2.471.247.111**	**468.390.410**	**1.146.062**	**3.036.200**	**5.889**	
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	2.079.070	350.000	-	-	-	-	(111.004.990)	(21.100.000)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	115.239.880	19.400.000	-	-	-	-	5.260.900	1.000.000	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	113.160.810	19.050.000	-	-	-	-	116.265.890	22.100.000	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(2.379.055.241)**	**(394.373.334)**	**(10.052.156)**	**1.380.531**	**797**	**30.372.954**	**(2.302.276.552)**	**(439.543.110)**	**1.683.167**	**(2.268.765)**	**7.970**	**24.514**
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.381.134.311)	(394.723.334)	(10.052.156)	1.380.531	797	30.372.954	(2.191.271.562)	(418.443.110)	1.683.167	(2.268.765)	7.970	24.514
22. Fair value of financial instruments used in foreign currency hedges	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-	-	-	-	-

Foreign currency risk sensitivity analysis

In case of a fluctuation by 10% in TL against foreign currencies as shown below, the profit or loss statement is expected to be affected as below. While making the analysis, all other variables are assumed to remain unchanged.

Foreign Currency Risk Sensitivity Analysis				
Current Period 31 December 2019	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(234.473.555)	234.473.555	-	-
2- USD risk hedged (-)	207.907	(207.907)	-	-
3- USD net effect (1+2)	**(234.265.648)**	**234.265.648**	**-**	**-**
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	(6.685.287)	6.685.287	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**(6.685.287)**	**6.685.287**	**-**	**-**
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	3.045.410	(3.045.410)	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**3.045.410**	**(3.045.410)**	**-**	**-**
TOTAL (3+6+9)	**(237.905.525)**	**237.905.525**	**-**	**-**

Foreign Currency Risk Sensitivity Analysis				
Current Period 31 December 2018	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(220.138.736)	220.138.736	-	-
2- USD risk hedged (-)	(11.100.499)	11.100.499	-	-
3- USD net effect (1+2)	**(231.239.235)**	**231.239.235**	**-**	**-**
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	1.014.613	(1.014.613)	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**1.014.613**	**(1.014.613)**	**-**	**-**
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	(3.034)	3.034	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(3.034)**	**3.034**	**-**	**-**
TOTAL (3+6+9)	**(230.227.655)**	**230.227.655**	**-**	**-**

Interest rate sensitivity

Interest Position Table			
		Current Period	**Prior Period**
Financial instruments with fixed interest rate			
Financial Assets	Fair value through profit or loss assets	-	-
	Available for sale assets	-	-
Financial Liabilities		1.131.600.766	1.126.906.624
Financial instruments with floating interest rate			
Financial Assets		-	-
Financial Liabilities		600.016.485	696.025.197

If annual interest rate on bank loans received as of 31 December 2019 was higher/lower by 100 basis point (1%) with all other variables remain constant, the profit before tax and non-controlling interest would be lower/higher by TL 7.338.784.

The Group's financial liabilities expose the Group to interest rate risk. The Group's financial liabilities mainly consist of borrowings with floating rate. The Group attempts to acquire loans with lower interest rate to minimize interest rate risk.

Liquidity Risk

Liquidity risk is the probability of the group defaulting on its liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources bring about liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. In order to ensure continuous liquidity the group management, , closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Group. Besides, Group's liquidity management policy consists to prepare cash flow projections, follow up and evaluate actual liquidity rates by comparing to budgeted ratios.

The Group's liquidity risk table is as follows.

Contractual maturities	**Carrying Amount**	**Total contractual cash outflows (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3 – 12 months (II)**	**Between 1- 5 Year (III)**	**More than 5 Years (IV)**
Non-derivative Financial Liabilities						
Bank borrowings	1.779.204.299	1.896.029.229	549.354.551	806.504.985	540.169.693	-
right of use obligation	12.080.464	34.818.918	788.263	2.258.899	8.004.365	23.767.392
Trade payables	1.626.743.123	1.656.068.174	293.688.098	1.362.380.076	-	-
Other payables *	730.336	730.336	730.336	-	-	-
Other current liabilities *	28.665.184	28.665.184	28.665.184	-	-	-
Derivative Financial Liabilities (Net) **						
Derivative cash inflows		322.433.570	269.228.770	53.204.800	-	-
Derivative cash outflows	3.723.295	(318.655.379)	(265.435.642)	(53.219.737)	-	-

31 December 2018

Contractual maturities	Carrying Amount	Total contractual cash outflows (=I+II+III+IV)	Less than 3 months (I)	Between 3 – 12 months (II)	Between 1- 5 Year (III)	More than 5 Years (IV)
Non-derivative Financial Liabilities						
Bank borrowings	1.844.956.446	2.017.139.536	311.048.953	916.050.517	790.040.066	55,261,099
Trade payables	959.307.846	974.029.093	283.659.955	690.369.137	-	-
Other payables *	1.668.679	1.668.679	1.668.679	-	-	-
Other current liabilities *	37.203.313	37.203.313	37.203.313	-	-	-
Derivative Financial Liabilities (Net) **						
Derivative cash inflows		450.849.851	291.072.851	159.777.000	-	-
Derivative cash outflows	(13.883.474)	(444.709.800)	(286.356.710)	(158.353.090)	-	-

(*) Non-financial assets such as deposits received, advances taken, deferred incomes are not included in other payables and other current liabilities.

(**) By their nature, option contracts that are mentioned in Note 48 are not included in the table above since the right is fully under the control of the bank.

Capital risk management

In capital management, the Group aims to enhance profitability while keeping a reasonable leverage and sustainability in its operations.

The Group monitors its capital with debt / total capital ratio. This ratio is defined as net debt divided by total capital. Net debt is calculated by deducting cash and cash equivalents from total debt, which includes bank borrowings and financial leases. Total equity is calculated by summing the total equity and net debt as pointed out in the consolidated statement of financial position.

The net debt / total equity ratio is as follows.

	31 December 2019	31 December 2018
Total debt (Note 49)	1.791.284.764	1.844.956.446
Less: Cash and cash equivalents (Note 7)	341.578.706	116.080.037
Net debt	1.449.706.058	1.728.876.409
Total shareholders' equity	327.088.604	316.676.944
Total equity	1.776.794.662	2.045.553.355
Net debt/Total equity ratio	%82	%85

51. FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

"TFRS 7 – Financial Instruments: Disclosure" requires the Companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial assets. The basis for the hierarchy is dependent on the conformity of the data used in fair value calculation. The independency of the source of the data, the assumptions used in calculation of the fair value effects the level of hierarchy.

In the following table, the valuation methodologies of financial instruments made valuation with their fair values are presented. They are described in terms of their levels as follows.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market (unobservable inputs).

31 December 2019	**Level 1**	**Level 2**	**Level 3**
Investment properties	-	-	673.634.412
Investment properties		-	95.860.000
Forward contracts	-	3.723.295	-
	-	**3.723.295**	**769.494.412**

31 December 2018

	Level 1	**Level 2**	**Level 3**
Investment properties	-	-	143.650.000
Forward contracts	-	(13.883.474)	-
	-	**(13.883.474)**	**143.650.000**

52. SUBSEQUENT EVENTS

None. (31 December 2018: None)

53. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None. (31 December 2018: None)

54. DISCLOSURES IN RELATION TO STATEMENT OF CASH FLOW

As at 31 December 2019, the Group's cash flow used in operating activities amounted to TL 771.933.287 TL (31 December 2018: 242.550.449). Cash used in investing activities amounted to TL 151.631.273 (31 December 2018: 78.501.035). Cash used in financing activities amounted to TL 256.950.676 (31 December 2018: 256.950.676)

Reconciliation of cash flows from financing activities with movements of financial liabilities:

			Non cash movement		
	31 December 2018	Cash movements	Foreign exchange	Other	31 December 2019
Borrowings (Note 49)	1.844.956.445	1.843.720.302	(2.178.778.413)	88.404.715	192.981.715

55. DISCLOSURES IN RELATION TO STATEMENT OF CHANGES IN EQUITY

The Group's total equity amounted to TL 327.088.604 (31 December 2018: TL 316.676.944), which is the sum of TL 303.176.309 (31 December 2018: TL 301.262.274) and TL 23.912.295 (31 December 2018: TL 15.414.670) stands for equity attributable to owners of the company and non-controlling interests respectively.