AKKÖK HOLDİNG

Annual Report 2019

AKKÖK
HOLDİNG

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Appropriate investments,
sustainable progress…
We invest in the future with our services and products, raising standards in the

Chemical, Energy and Real Estate Industries.

about us

A beacon of established Knowhow, *financial strength and reliability...*

Founded in 1952 by the late Raif Dinçkök, and with deep know-how spanning 68 years, Akkök Holding ranks among the most well established industrial groups in Turkey. The Group conducts operations in the fields of chemicals, energy and real estate, with 19 commercial and industrial enterprises, one of which is overseas, and with 19 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. With 1200 employees, a production area of 502,000 square meters, and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. Along with textile fibers, Aksa initiated outdoor fiber production in 2001 and is becoming more ambitious within the technical fiber industry for products such as flock tow, homopolymer and filament thread.

DowAksa was established in 2012 as a joint venture of the Dow Chemical Company and Aksa Acrylic San A.Ş., with the aim of providing a wide range of products and technical services to the global composites industry, whose raw material is carbon fiber. Thanks to Dow's knowledge and experience in resins, and Aksa's infrastructure, which allows for growth, today DowAksa is one of the strongest companies vying for leadership in the production of carbon fiber and carbon fiber intermediate materials market. Moreover, DowAksa is the first and only Turkish company in the carbon fiber industry. DowAksa provides carbon fiber composite solutions to industrial sectors, namely the energy, transportation, defense and infrastructure sectors.

Turkey's leading chemicals manufacturer, Ak-Kim was established in Yalova in 1977 and has expanded its production activities in the past 42 years in many different areas. It is a chemical company serving its customers with a wide range of products covering chlorine alkali and its derivatives, peroxides, methylamines, persulfates, bisulfites, textile auxiliaries, paper and water treatment chemicals, concrete additives and plastic additives with exports to six continents.

The company, which is the market leader in many products in basic chemicals and performance chemicals, provides services to the cleaning, chemistry, textile, paper, water treatment, food, metal, pesticide, energy, building, mining, plastic and construction sectors. Together with its subsidiaries, it has close to 1,000 employees with production facilities in 6 different locations. It has a special place in the chemical industry with its structure, offering various products for different sectors.

Gizemfrit, which made its first production in 1979, continues its production in 4 different product groups including ceramics, enamel, non-stick coatings and pigments in a total of 60,000 m² fully automated facilities located in Sakarya 2 Organized Industrial Zone. Gizemfrit was included in the Akkök Group of Companies as of 2015. At the end of 2017, it acquired the Spanish Megacolor company, which is one of the significant players in the ceramic industry, producing inkjet ink and pigment.

With some 70% market share in enamel and ceramic in Turkey, Gizemfrit is the 2nd largest manufacturer of enamel in the world and the leader in its sector in Turkey. Gizemfrit has 132,500 tons of annual production capacity, more than 400 employees in Turkey and Spain, up to 1,000 indirect employees, customers in 60 countries in 6 continents and a 13% global market share.

Akiş REIT, the real estate investment company operating under Akkök Holding, continues to develop projects that help improve quality of life in the regions where it operates. The company successfully runs the Akbatı Shopping Mall and Akasya projects, and as an alternative to shopping center investments, is involved in street retailing projects on Bağdat Street. Akiş REIT has cooperated with Beymen for the Uşaklıgil Apartment in its first high street retail project, and the store opened its doors to visitors in September 2017. In 2018, the Company made its first move abroad with an investment in a housing project developed in the UK. Akiş REIT completed the required applications in 2019 to become a UN Global Compact participant, the world's largest corporate sustainability initiative.

KidZania, established in 2014 on an area of 10 thousand m² in Akasya Shopping Mall, is a country of children operating in 29 cities in 22 countries. KidZania Istanbul offers learning services for families with children while having fun. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire station, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania Istanbul is a special place where children between the ages of 0-14 are able to experience different professions, socialize with their peers, and expand their competence in many areas from financial literacy to social skills. KidZania supports the development of children's values such as responsibility, respect, solidarity, harmony, self-confidence, awareness and tolerance.

Adding dynamism to the social life of the city, Akmerkez Shopping Mall, continues to add value to the lives of its guests with services such as its award winning project, "Agriculture at the Terrace" that proves that a sustainable life is possible in the city. Services such as Turkish Airlines Miniport, click & collect, shopping delivery, cloakroom and left luggage, provided within the "Easy Point", and renewed according to current needs are available here. The "Kids Zone" and "Mother & Child Meeting Center" that were set up in 2019, provides both parents and children with an entertainment, a relaxation and a social zone throughout the year. Achieving a first in Turkey by winning the Best Shopping Center in Europe award in 1995 and in the World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

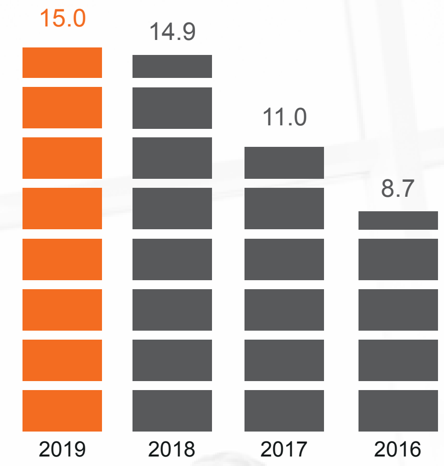
Sepaş Enerji, a strategic partnership between Akkök Holding and CEZ Group, which is considered as one of Europe's 10 largest energy firms, is one of Turkey's 21 authorized supply companies. Sepaş Enerji supplies electricity to 1.7 million consumers all over Turkey, mainly in Bolu, Düzce, Sakarya and Kocaeli.

Sakarya Electricity Distribution Inc. (SEDAŞ) provides energy distribution services to 1.9 million consumers in Sakarya, Kocaeli, Bolu and Düzce. SEDAŞ carries out its operations through its 33 distribution centers and a total of 22 Customer Services Centers. As of the end of 2019, the total electricity distributed in the 4 provinces in the Eastern Marmara region stood at 9.5 billion kWh.

Aktek was established in 2007 with the aim of guiding its customers, especially the Akkök group, by providing added value in the field of information technologies, to conduct feasibility studies, to come up with projects and to help them realize these projects economically and efficiently. According to the research on the "IT 500" list, Aktek ranked 134th in 2018 and 12th in System Integrator Services.

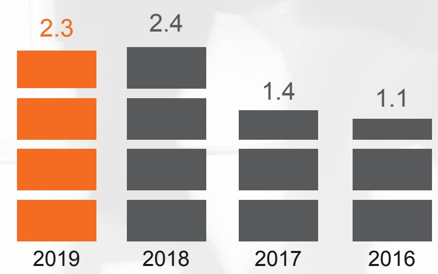
key indicators

Net Sales
Combined (TL Billion)



Akkök Group generated net sales of TL 15.0 billion. [1] Consolidated net sales in 2019 amounted to TL 5.6 billion.

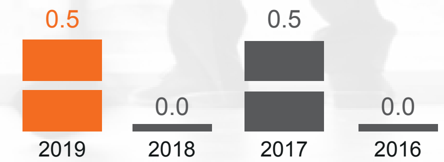
EBITDA
Combined (TL Billion)



In 2019, Akkök Group announced a combined EBITDA of TL 2.3 billion.

[2] In 2019, consolidated EBITDA amounted to TL 1.2 billion.

Net Profit
Combined (TL Billion)



[3] Akkök Group's consolidated net profit for 2019 is TL 1.1 billion. (*) (**)

(*) Combined values are calculated as per the Regulatory Financial Statements of Akkök Holding A.Ş., as well as its Affiliates, Subsidiaries, and Jointly Controlled Entities, without being subject to elimination.

(**) Akkök Group has started to recognize its investment properties at fair value instead of cost value. In this context, the effects of accounting for investment properties in line with the fair value model are reflected on the financials of 2017 2018 and 2019.

Investments adding value To the turkish economy and Society ***from past to present...***

history and development

1950's

Aksu was established in Bakırköy, Istanbul in 1952, as the Holding's first industrial investment. It was followed by Ariş the same year, also established in Bakırköy. The establishment of Dinarsu was completed in Eyüp, Istanbul in 1953. Dinkal A.Ş., a manufacturer and trader of yarn, was also founded in the same year.

1960-1970's

Aksa was established in Yalova in 1968 and commenced production in 1971. The company started exporting in 1977. Akmeltem and Ak-Pa were established in 1976. Ak-Kim was established in 1977 and started production of sulfur dioxide.

1980's

Foundations of Ak-Al Bozüyük Plant were laid in 1982, and Akmerkez Etiler Ordinary Partnership was set up in 1985. Ak-Tops was established in 1986 and Aksa was listed on the ISE in March; Ak-Al was listed on the ISE in September of the same year. In 1986, Ak-Kim Organic Facility was founded and inaugurated. In 1989, Akenerji and Aktem were established and Ak-Kim started to produce methyl amines.

1990-1994

Dinkal was restructured as an insurance consultation and brokerage corporation and Ak-Kim started producing dimethylformamide for the first time in 1990. Aksu shares began trading on the Istanbul Stock Exchange (İMKB) in November of the same year.

Akmerkez was inaugurated on December 18, 1993. Ak-Kim signed the Responsible Care Program, becoming one of the first companies to implement the program in Turkey.

1995-1996

Akmerkez Lokantacılık launched Paper Moon and was later chosen as the "Best Shopping Center in the World" at a competition in Las Vegas.

1997-1999

In 1998, Akport launched the Tekirdağ-Trieste Ro-Ro line and Ak-Kim's Hydrogen Peroxide Facility became operational Ak-Kim inagurated Turkey's first Hydrogen Peroxide plant. The following year, Akrom Ak-Al Textile Romania SRL was established.

2000-2002

In 2000, the Akrom Romania Plant started production, Akenerji was listed on the BIST in July. In 2000, Aksa switched to biological treatment with the Deep Tank system, the most advanced technology in water treatment, breaking new ground in Turkey. Ak-Kim started exporting its know-how and technology abroad during the same year.

2003-2004

Aksa Acrylic Egypt's foundations were laid in 2003 in Alexandria, Egypt. Aksa Acrylic established Fitco B.V. for its new investment plans. Aksu became the first Turkish company to participate in the Premiere Vision Fair. Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A.Ş. began commercial activities in 2004.

2005-2006

In 2005, Dinarsu was sold to Merinos Halı Sanayi Group and Akmerkez was listed on the BIST as of April of the same year. Aksa Akrilik Egypt also started production in 2005. In addition, Ak-Kim started producing paper chemicals, and Akiş was established in order to develop and manage Akkök Holding's real estate investments.

In 2006, Akenerji acquired Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. and in September, Paper Moon opened a branch in Ankara. The same year, Ak-Kim launched the first sodiumpercarbonate facility in Turkey.

2007

Ak-Kim started production of concrete additive chemicals and signed the United National Global Compact together with Akkök Holding as an indication of their sustainability and the corporate citizenship concept.

Aktek was founded and Akiş started Akkoza's construction in partnership with Garanti Koza and Corio. The protocol for the construction of Yalova Raif Dinçkök Culture Center was signed. A book, "Yadigâr-ı İstanbul", comprising photos of Yıldız Palace, was completed with contributions by Akkök Holding. SAF REIT, a subsidiary of Akkök Holding has been traded on BIST as of 2007.

2008

In 2008, the AKCEZ Consortium, a partnership between Akkök, Akenerji and the Czech Republic energy company CEZ Group, won the tender held by the Privatization Administration for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), and conducted by the Republic of Turkey Prime Ministry Privatization Administration.

While Aksa was awarded the Quality Association's (KalDer) National Quality Grand Prize, a groundbreaking ceremony was also held for Yalova Raif Dinçkök Cultural Center for which a construction agreement was signed the previous year.

2009

In 2009, Akiş acquired the partnership shares of Garanti Koza and Corio in the Akkoza Project and became the 100% owner of Akbatı Shopping Mall and Akbatı Residences. Aksu and Ak-Al merged under the roof of Ak-Al. While Akenerji put into operations the Ayyıldız Wind Power Plant with an installed capacity of 15 MW in Bandırma, Balıkesir, Aksa Akrilik launched a carbon fiber production facility with a capacity of 1,500 tons/year. The Akkök Firefly Mobile Learning Unit project was launched in 2009 in Yalova.

2010

All human resources departments within Akkök Holding were re-structured.

Akenerji commissioned the hydroelectric power plants Akocak, Bulam, Burç, Uluabat and Feke II. The total electricity capacity of Polat Enerji's wind power plants yielding a production of 100 MW were procured.

The Tekirdağ- Muratlı railroad line connecting to the Akport Tekirdağ Port started to operate.

2011

Aksa Acrylic signed a partnership agreement with Dow Chemicals for strategic cooperation in carbon fiber.

Akenerji became the first Turkish company to be granted the Investors in People (IIP) Quality Certification. Akenerji participated in the Carbon Disclosure Project (CDP), becoming one of two Turkish energy corporations participating in the CDP.

Akbatı Shopping Center, constructed by Akiş in Esenyurt, Istanbul opened its doors.

Raif Dinçkök Culture Center opened for service.

2012

DowAksa was founded.

Deliveries for Akbatı Residences, an Akiş project located in İstanbul Esenyurt, were made. Akiş received the title of Real Estate Investment Trust.

2013

It was decided to continue Ak-Tops Tekstil Sanayi A.Ş.'s activities under the umbrella of Aksa Akrilik Kimya Sanayii A.Ş.

Ak-Kim established Akferal. Ak-Kim obtained registration from the Ministry of Science, Industry and Technology as an R&D Center.

Aksa Acrylic became involved in the Turquality Project. DowAksa purchased the CarbonWrap work unit, offering carbon fiber composite solutions for infrastructure and building reinforcement.

SEDAŞ carried out its demerger project with the establishment of Sepaş Energy.

Akiş started trading on the Borsa Istanbul Corporate Products Market.

Akasya and Akasya Housing Project became the first project to win the BREEAM certificate in Turkey.

2014

Akkök Holding, First GRI approved sustainability report was published.

Aksa Akrilik becomes the first corporation in its sector, and just the second in Turkey, to obtain the "Risk Management System Verification Certificate".

The Joint Treatment Facility project was commenced along with Ak-Kim and DowAksa.

DowAksa Advanced Composites Holdings B.V. signs a three-party joint investment decision with Rusnano and Composite Holding (HCC) for the Composite Nanotechnology Center (NCC).

DowAksa USA is founded. 50% of c-m-p, the German prepreg producer is purchased.

Akenerji completed and commissioned Erzin Natural Gas Cycle Power Plant project.

SEDAŞ commissioned its SCADA Project for remote monitoring of electricity and faster intervention in power failures in Kocaeli, Gebze and Sakarya.

Akiş GYO, Operations oriented toward high street retail gain impetus.

Akasya project's shopping center was commissioned by SAF REIT, of which Akiş has a 19.71% shareholding.

2015

In line with the "Investment in the Future" strategy, the Company became the main sponsor of the Mamut Art Project for the first time in 2015.

Yalova Composite and Chemistry Specialized Improvement Organized Industrial Zone (YALKİM OSB), in which the Acrylic Based Composite, Advanced Material and Technology Manufacturers Association and Yalova Special Provincial Administration, Taşköprü Municipality and Yalova Chamber of Commerce and Industry are founding partners, was established on July 6, 2015 with the approval of the Ministry of Science, Industry and Technology.

DowAksa and Ford sign a Joint Development Agreement (JDA) for production of carbon fibers that are suitable for affordable, high volume automotive applications.

Ak-Kim acquired 100% shares in Gizem Frit. The Ultrafiltration Project, one of Ak-Kim's key investments, was completed.

Gizem Frit, started the first non-stick coating production in 2014, and made its first export both in coating and ceramic frit in 2015.

Project development and engineering work on the Kemah Hydroelectric Power Plant project were completed by Akenerji. Akenerji became the first and only energy company to report under the CDP Turkey Water Program. The SCADE project was completed by SEDAŞ at the end of 2015. Sedaş Energy launched a first in the sector through online electricity sales on its website.

Akiş GYO A.Ş. completes the Life Academy Project.

Along with developing many value added projects approved by YTÜ Teknopark management in 2015, Aktek also creates a structure called Aktek Garage that structurally describes internal and external innovation philosophy.

2016

At the Corporate Governance Award Ceremony organized by TKYD, Aksa Akrilik wins the top award as the "Company with the Highest Corporate Governance Rating". Aksa Akrilik chooses to add a brand-new vision to acrylic fiber with its new brands; Acryluna, Acrysole, Acryterna and Acrylusion.

The Global Composite Center in Yalova, financed under the joint project of TUSAŞ and DowAksa, which is also supported by the Undersecretariat for Defense Industries, is opened for service. Ak-Kim was accepted into the most prestigious and comprehensive incentive program in Turkey, Turquality.

The Company becomes the first to implement a virtual plant tender in Turkey. Akenerji becomes the only electricity production company to join the Carbon Disclosure Project (CDP) Turkey 2016 Water Program. Sepaş Enerji begins the SAP IS-U-CRM project, which will restructure all of its systems to offer the best customer experience, and enable management thereof with a technological infrastructure.

Akiş REIT started selling its new brand, Akapartman Suadiye.

Akasya Culture and Arts Center in Akasya opened its doors in June 2016.

2017

The Corporate Governance Rating, calculated by evaluating Aksa in terms of Corporate Governance Principles of the Capital Markets Board, was updated to 9.63, and it became the company with the Highest Corporate Governance Rating on the BIST Corporate Governance Index for the second year running.

DowAksa signed a long-term supply agreement with Vestas Wind Systems A.Ş., one of the largest wind turbine producers in the world.

Ak-Kim purchased Dinox. The Company also purchased Feralco shares in Akferal, making it a 100% Ak-Kim affiliate.

Gizem Frit acquired one of the key players in the ceramic sector, Megacolor, in Spain at the end of 2017.

The additional capacity of 13.2 MW at Ayyıldız Wind Power Plant was activated, and the total installed capacity of the plant reached 28.2 MW.

SEDAŞ obtained the First R&D success award with its Remote Electronic Meter Reading Project, approved by the Energy Market Regulatory Board (EPDK) at the 3rd Energy R&D Workshop. SEDAŞ became a Corporate Tax Record Breaker in Sakarya.

Following the merger with SAF REIT on January 18, 2017, Akiş REIT became one of the most prominent players in the sector.

2018

Aksa Akrilik raised its Corporate Governance Rating from 9.63 to 9.70 in the assessment made by the independent corporate rating company Saha. Securing the top spot again this year, it has acquired the grand prize for three consecutive years.

In 2018, Akiş REIT sold 7.36% of its shares to the European Bank for Reconstruction and Development (EBRD), gaining an internationally valuable stakeholder. By realizing a foreign investment for the first time, it became a partner in a housing project developed in London.

Gizem Frit received a R&D center certificate.

2019

Aksa Acrylic has been shown among the companies that have been contributing to the development of the chemical industry for more than 50 years by The Chemical Manufacturers Association of Turkey (TKSD) and has been awarded with the “50th year” plaque.

This year as well, Aksa Acrylic emerged in the upper row of Turkey’s Top 500 Industrial Organizations list. It ranked 41st in the ISO 500 list known as the “Giants League”.

The Company received the second prize by raising its Corporate Governance Rating from 9.70 to 9.72.

The production capacity of Aksa was determined as 330,000 ton/year as a result of the efforts to create the optimum production track.

Akiş REIT successfully completed the issuance of TL100 million nominal, 2-year maturity, variable interest bonds.

The Corporate Governance Rating of Akiş REIT has been determined as 9.62.

Akiş REIT has completed the necessary applications to join the UN Global Compact, the world’s largest corporate sustainability initiative, with over 9,500 companies and more than 3,000 non-company members in over 60 countries.

Akiş REIT was accredited by the TÜV Thüringen e.V. (German Accreditation Agency - DAkkS) and received the ISO 27001: 2013 Information Security Management System Certificate.

At The One Awards that are awarded to companies that have raised their reputation the most every year, Akenerji added one star to its award as the recipient of the first prize for the second time in a row.

The ISO 9001: 2015 Quality, ISO 14001: 2015 Environmental Management Systems recertification audits for Akenerji Head Office, Ayyıldız WPP, Uluabat HEPP, Burç HEPP, Bulam HEPP, Feke I HEPP, Feke II HEPP, Himmetli HEPP, Gökkaya HEPP and Erzin NGCCPP were performed successfully and documents were renewed. According to the ISO 45001: 2018 Occupational Health and Safety standard, which replaces the OHSAS 18001: 2007 Occupational Health and Safety standard, the General Directorate and all power plants are documented and Akenerji became one of the first companies to implement the ISO 45001: 2018 standard.

The continuity of the ISO 27001: 2013 Information Security Management Systems documents was affirmed.

The ISO 50001: 2018 Energy Management System practices started in all plants. In this context, by determining the energy consumption and evaluating the performance, targets were set to reduce consumption and make improvements.

Having achieved R&D success in cost reduction projects, DowAksa has strengthened its supply network in 2018 and 2019 by adding alternative local suppliers to the supply chain.

Gizemfrit continued to be on the Fortune 500 (Turkey) and ISO 500 lists in 2019. Also, as it has been in the last 11 years, it ranked first once again with its exports figure this year in the “Paint, Varnish and Inks” category at the “Star of Export” awards organized by the Association of Istanbul Chemical Products and Goods Exporters.

Gizemfrit continued to invest in human resources in 2019 as well. In order to enhance the qualifications and skills of its employees, it established the Gizemfrit Academy in partnership with Sabancı University and cultivated a sustainable education model within its own organization.

SEDAŞ, by signing the United Nations Women’s Empowerment Principles (WEPs) within the scope of “Forget the Gender” Project, which it has carried out in terms of gender equality and equal opportunities and gained momentum in 2019, has committed its resolution and support in this regard.

Paper Moon Istanbul, was awarded the “Diploma of Good Cuisine” prize in September 2019 issued by the “Accadimia Italiana Della Cucina” established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon.

message from the chairman of the board of directors

Raif Ali Dinçkök
Chairman of the Board of Directors

We observed that macro uncertainties that started in 2018 and caused global turbulence were partially offset towards the end of last year. The fact that the USA and China reached an agreement in the trade wars and the UK and the European Union in the Brexit process in the last months of 2019 and that central banks pursued loose monetary policies prevented a deeper global crisis. As a result, we started 2020 with a relatively optimistic outlook.

Despite this outlook, it is difficult to talk about a fundamental improvement in key issues. For example, while the growth rate of the euro zone which is one of Turkey's critical trading partners fell to 1.2%; China's recording of the lowest growth over the past 30 years raises questions of global stability. On the other hand, we see that the volume of international trade in 2019 achieved the slowest growth in the last 5 years and the total value of cross-border purchases and mergers diminished by 25% compared to the previous year, again marking the lowest level in the last 5 years. This shows that companies are turning to their regions in the global uncertainty and protectionism environment. When the COVID-19 outbreak which began to show its symptoms in the last days of the year but with its impact still unpredictable, is added to all these factors cited, we see that it is beneficial to act more cautiously than ever.

Our country, on the other hand, entered 2019 under difficult conditions and completed the year with a gradual recovery. The relatively quiet course of volatility in exchange rates, along with falling interest rates and inflation, were positive signs for the economy. Thus, although the Turkish economy narrowed 2.3% and 1.6%, respectively, in the first and second quarters of 2019, it achieved a growth of 0.9% for the whole of 2019. The course of our bilateral relations with the US and Russia, which have become more delicate in recent years and other indicators such as private sector investments and consumer confidence indices, continue to be of significance.

We act in line with our goal of creating value for both our country and our stakeholders in all sectors we operate, ***especially in chemicals, energy and real estate, and we expend tremendous efforts in these areas.***

Entering 2020, the upward trend in the manufacturing PMI index, which is one of the leading indicators and the growth estimates rising to the 3% -5% band, strengthened our expectations for a cautious but optimistic year for our country, just as for the world. On the other hand, we believe that the realization of structural reforms and sustainable development models are critical in a world where global risks such as recession and epidemics are becoming almost a permanent occurrence. Especially economic / political predictability, a strong legal system and healthy financial markets seem to be the factors that will raise our country's resistance to global crises and accelerate private sector investments and consumer confidence.

At Akkök Group, we continued our growth in 2019 and raised our combined turnover to TL 15 billion. This year, our foreign sales reached TL 2.7 billion and contributed positively to growth. The combined net profit of our Group expanded significantly compared to 2018 reaching TL 540 million.

We act in line with our goal of creating value for both our country and our stakeholders in all sectors we operate, especially in chemicals, energy and real estate, and we expend tremendous efforts in these areas. As we progress towards this goal, I would like to thank all our business partners and employees for their contribution.

Sincerely,

Raif Ali Dinçkök
Chairman of the Board of Directors

message from the chief executive officer

Ahmet C. Dördüncü
Chief Executive Officer and
Member of the Board of Directors

We began the year 2019 under difficult conditions but have completed it in a more positive environment than expected both globally and in Turkey. The expansionary monetary policies of the central banks have contributed significantly to this outlook. With the impact of the global wind and a series of measures taken, our country has started to gradually exit the stagnation that it entered in the second half of 2018. While relative stabilization has been reached in basic indicators such as interest rates, CDS risk premiums and exchange rates, there have been improvements in our locomotive sectors such as construction and automotive as well.

On the other hand, it is a fact that the world is changing much faster and the fragility is rising. For example, the economic slowdown in China or the threat of global epidemics cause the risk of recession all over the world. The insufficiency of traditional monetary policies causes frequent voicing of radical methods such as providing minimum income to individuals, in addition to expansionary fiscal policies. In addition to the conventional economic models, the thrones of the established business models are also shaky, because disruptive technologies are affecting our lives more and more every day. Time magazine's selection of Swedish young climate activist Greta Thunberg as "Person of the Year" in 2019 shows how environmental issues have entered the center of life. Topics such as circular economy, digital transformation and artificial intelligence are no longer utopia, but are fast becoming our "must have"s. Therefore, we continue our efforts by taking this high-speed global change into consideration and we try to raise the bar above international standards in our activities.

At Akkök Holding, we continue to focus on chemicals, real estate and energy, our three main sectors. In all our fields of activity, without compromising the principles of institutionalism, transparency and integrity, we aim to create value for our country and our stakeholders in a sustainable manner with an innovative, pioneering approach. In 2019, we have carried out notable works that support our vision and will continue to do so.

While our chemical Group companies continued to focus on their organic / inorganic investments in 2019, as in previous years, they also lent priority to sustainability in their business plans. Aksa Acrylic, the world's largest acrylic fiber producer, was included in the BIST Sustainability Index in 2019. On the one hand, while strengthening its growth plans with new product investments and strategic partnerships, on the other hand, it launched the start-up support project called "Value for Entrepreneurship" with the cooperation of İTÜ Çekirdek and made its first investment in the Porima initiative. The aim is to develop domestic and high-quality filament production with Porima. DowAksa, a high-tech carbon fiber producer, where Aksa is a 50% partner, achieved savings of up to 40% in cost reduction projects, which is one of its primary goals. In addition, with the facility investments to be carried out until 2023, it plans to expand the existing production capacity and reach new customers.

At Akkök Holding, we continue to create value for our country with a combined turnover reaching TL 15 billion, a combined EBITDA of TL 2.3 billion, ***19 production facilities and more than 5,000 employees.***

Ak-kim, one of the largest chemical manufacturers in Turkey, with an export network of 70 countries in 6 continents, recorded significant progress related to capacity purchase deals to buy companies that will further expand its existing business areas in 2019 while it continued its organic investments. Gizemfrit, a subsidiary of Ak-Kim, is the world's second largest manufacturer of enamel and Turkey's largest manufacturer of ceramic frits. It opened its US office in 2019 and has accelerated its R&D activities. Gizemfrit, which has one of the largest R&D centers in its field, has become much more competitive in new product groups such as functional coating and pigment. It continues its development efforts to minimize production waste and make combustion systems more efficient for operational efficiency.

Akiş REIT, one of our real estate Group companies, focused on using its existing assets in the most efficient way in 2019. Aiming to expand resource diversity and strengthen its financial structure by making use of capital market instruments, the company successfully completed its first bond issuance. At the same time, Akiş REIT expanded its efforts in the field of sustainability, and became a participant of the UN Global Compact, the world's largest corporate sustainability initiative in 2019. The Akmerkez REIT, implemented as a first in Turkey, a sustainable local agriculture project on the roof of a shopping center, called "Agriculture on the Terrace", and expanded it with the cooperation of the Department of Gastronomy of the Özyeğin University.

With 30 years of experience and 1,224 MW of installed power and being one of the companies shaping the energy sector in Turkey, Akenerji's basic strategy in 2019 was optimum operation of existing power plants and development of new projects that will create value for the Company. Thus, creating the highest EBITDA in its history this year, Akenerji refinanced its USD 859 million loan debt in line with its cash-generating capacity in order to strengthen its financial structure and carry out market activities more firmly. Sedaş and Sepaş Energy, our companies that carry out electricity distribution and retail sales of our key industrial cities, Sakarya, Kocaeli, Bolu and Düzce, continued their work in the field of customer satisfaction and digitalization. Continuing to support the call center with special applications, Sedaş took its place among the leading companies in the sector with the WhatsApp notification line and the company-specific mobile application. Sepaş Energy, on the other hand, started to serve its customers through new channels such as e-government, where they are able to perform their transactions online, saving time and workload.

At Akkök Holding, we continue to create value for our country with a combined turnover reaching TL 15 billion, a combined EBITDA of TL 2.3 billion, 19 production facilities and more than 5,000 employees. I sincerely extend my gratitude to all our employees, business partners, shareholders and stakeholders for their valuable contribution and support.

Sincerely,

Ahmet C. Dördüncü
Chief Executive Officer and
Member of the Board of Directors

board of directors

Raif Ali Dinçkök
Chairman of the Board of Directors

Nilüfer Dinçkök Çiftçi
Assistant Chairman of the Board of Directors

Ahmet Cemal Dördüncü
Member of the Board of Directors and Chief Executive Officer

Mehmet Ali Berkman
Member of the Board of Directors

Alize Dinçkök
Member of the Board of Directors and Member of the Executive Board

Özlem Ataünal
Member of the Board of Directors and Member of the Executive Board

Mehmet Emin Çiftçi
Member of the Board of Directors and Member of the Executive Board

Melis Gürsoy
Member of the Board of Directors

Akkök Holding
Board of Directors

Raif Ali Dinçkök
Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Since January 1, 2019, Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding.

Nilüfer Dinçkök Çiftçi
Assistant Chairman of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

Ahmet Cemal Dördüncü
Member of the Board of Directors and Chief Executive Officer

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet C. Dördüncü has served as Chairman of the Executive Board of Akkök Holding since January 2013. He also serves as the Chairman of the Board of Directors of Akenerji, Akcez, Akiş REIT, Ak-kim and Gizem Frit, as well as on the Board of Directors of Akkök Holding and various Akkök Holding Companies. Mr. Dördüncü is also a member of the Board of Directors at International Paper Co. He speaks English, German and Portuguese.

Mehmet Ali Berkman
Member of the Board of Directors

Born in Malatya in 1943, Mehmet Ali Berkman graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Industrial Management. After wards, he obtained an MBA in Operations Research from Syracuse University (USA). Mr Berkman joined Koç Group in 1972, and assumed the role of General Manager in MAKO, Uniroyal, DÖKTAŞ and Arçelik respectively. Subsequently he worked as Head of Strategic Planning, Human Resources and Industrial Relations, and left the Group on December 31, 2003 due to the Group's retirement policy. In September 2005, he assumed the position of Member of the Board of Directors and Chairman of the Executive Board of Akkök Holding A.Ş. He also served as Member and Chairman of the Boards of Directors of other Group companies. On January 1, 2013, Mr Berkman stepped down from his position as Chairman of the Executive Board, and he continues to serve as a Board Member in Akkök Holding and Akkim, Board Chairman in Aksa, Akenerji, Akiş, Aktek and Akcez, and Vice Chairman of DowAksa, in addition to his Akkök Holding Executive Board Consultant duty. A member of the Turkish Industrialists' and Businessmen's Association and the Kalder and Turkish Education Volunteers Association, Berkman also continues to be a Member of the Istanbul Erkek High School Foundation Board of Trustees, the Turkish Education Foundation, the DEIK (Foreign Economic Relations Board of Turkey) and the Turkey Czechia Business Council.

Alize Dinçkök
Member of the Board of Directors and Member of the Executive Board

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Özlem Ataünal
Member of the Board of Directors and Member of the Executive Board

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at Iktisat Bank, Ataünal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataünal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a member of the Board of Directors of Akkök Holding, Ataünal has been a member of the Board of Directors of various companies of the Group, including publicly-held and foreign-owned companies. Ms. Ataünal has been a member of TÜSİAD since 2013.

Mehmet Emin Çiftçi
Member of the Board of Directors and Member of the Executive Board

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Melis Gürsoy
Member of the Board of Directors

Born in 1978 in İstanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and continued her higher education in Boston, Massachusetts, where she received her degree in Business Administration from Mount Ida College in 2000. She started her business career at Ak-Pa Tekstil İhracat Pazarlama A.Ş. Melis Gürsoy performs duties on the Board of Directors of Akkök Holding.

executive board

Ahmet Cemal Dördüncü
Chief Executive Officer and Member of the Board of Directors

Alize Dinçkök
Member of the Executive Board and Member of the Board of Directors

Özlem Ataünal
Member of the Executive Board and Member of the Board of Directors

Mehmet Emin Çiftçi
*Member of the Executive Board and Member of the Board of Directors**

Cengiz Taş
Member of the Executive Board

İ. Gökşin Durusoy
Member of the Executive Board

Onur Kipri
Member of the Executive Board

*Mehmet Emin Çiftçi has been appointed as Member of the Executive Board as of 01.01.2020.

Akkök Holding Executive Board

Ahmet Cemal Dördüncü
Chief Executive Officer and Member of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet C. Dördüncü has served as Chairman of the Executive Board of Akkök Holding since January 2013. He also serves as the Chairman of the Board of Directors of Akenerji, Akcez, Akiş REIT, Ak-kim and Gizem Frit, as well as on the Board of Directors of Akkök Holding and various Akkök Holding Companies. Mr. Dördüncü is also a member of the Board of Directors at International Paper Co. He speaks English, German and Portuguese.

Alize Dinçkök
Member of the Executive Board and Member of the Board of Directors

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Özlem Ataünal
Member of the Executive Board and Member of the Board of Directors

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at Iktisat Bank, Ataünal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataünal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a member of the Board of Directors of Akkök Holding, Ataünal has been a member of the Board of Directors of various companies of the Group, including publicly-held and foreign-owned companies. Ms. Ataünal has been a member of TÜSİAD since 2013.

Mehmet Emin Çiftçi
*Member of the Executive Board and Member of the Board of Directors**

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Cengiz Taş
Member of the Executive Board

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989.

He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-Al Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. He has been the General Manager of Aksa Akrilik Kimya Sanayii A.Ş. since February 1, 2011.

Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and con-tinues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. From June 2019 on, he is a Board Member of the Turkish Confederation of Employers' Unions.

Mr. Taş is married with two children and speaks English and French.

İ. Gökşin Durusoy
Member of the Executive Board

Born in Denizli in 1964, İhsan Gökşin Durusoy received his master's degree in Industrial Engineering from Boğaziçi University in 1987 and started his career as Production Engineer in Arçelik. Working as Finance and IT Executive at Izmir Demir Çelik A.Ş. from 1988 to 1989, Durusoy joined Akkök Group in 1989 as Chief Budget Planner at Ak-Al Tekstil Sanayii A.Ş. Here, he later served first as Budget Planning Manager and then as Strategic Planning Director. In 2007, he became Assistant General Manager at Akiş REIT, which was founded with the aim of developing unique and large-scale real estate projects. Since 2009, Mr Durusoy has been serving as General Manager and Member of the Board of Directors at Akiş REIT, as well as serving on the Boards of Directors at various Akkök Holding companies.

Onur Kipri
Member of the Executive Board

Mr. Kipri started his career in 1986 as an Assistant Sales Coordinator at Çukurova Import Export. Between 1988 and1989, he worked as the Metal Trade Department Manager at TASK Uluslararası Ticaret A.Ş. Between 1989 and 1990, he worked as MIS Project Coordinator & Import Fabric Purchasing Manager at Doğan Fabrics & Textile. From 1991 to 2013 he served at Organik Kimya as Sales Manager, Department Manager and Trade Director, respectively. He joined Ak-Kim Kimya as General Manager in January 2014, and he still continues this duty in this capacity.

Mr. Kipri graduated from the Business Administration Department of Boğaziçi University.

* Mehmet Emin Çiftçi has been appointed as the Member of Executive Board as of 01.01.2020.

chemicals

- Aksa Akrilik Kimya Sanayii A.Ş.
- DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.
- Ak-Kim Kimya Sanayi ve Tic. A.Ş.
- Gizem Seramik Frit ve Glazür Sanayi Tic. A.Ş.

Aksa Akrilik Kimya Sanayii A.Ş.

Cengiz Taş
General Manager

"By raising its score from 9.70 to 9.72 amongst the 49 companies taking place in the Borsa Istanbul Governance Index, Aksa Acrylic has cemented its place among Turkey's top corporate companies in 2019"

Founded in 1968 in Yalova to meet the needs of acrylic fiber of Turkey, Aksa Acrylic began production in 1971 with a capacity of 5,000 tons/year. With the vision of investing in technology in order to maximize operational excellence and creating sustainable, profitable, new areas of use for acrylic fiber, Aksa today is a world giant with 300 customers in more than 50 countries on 5 continents with its new technology and modernization investments undertaken over the years. With 1,200 employees, a production area of 502,000 square meters and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the sole producer in Turkey.

Along with its success in production, Aksa is also a leader with implemented management systems, environmental practices and social responsibility projects, and thanks to its extensive product range it supplies textiles and technical textile raw materials to various industries. Aksa, which expands its new and special product portfolio with its 50 years of experience and customer-oriented approach every year, started to produce outdoor fibers in 2001 apart from textile fibers and advances its claim in technical fibers with its flock tow, homopolymer and filament yarn products. In 2009, after improving its technology infrastructure, Aksa commenced production of carbon fiber, which is considered one of the most vital raw materials of the 21st century.

By raising its score from 9.70 to 9.72 amongst the 49 companies taking place in the Borsa Istanbul Governance Index, Aksa Acrylic has cemented its place among Turkey's top corporate companies in 2019.

Since its establishment, Aksa Akrilik has implemented all of its activities with the principle of efficient use of resources and respect for the environment. It is included in the BIST Sustainability Index, which consists of 56 companies. Aksa formed its medium and long term strategy in line with global trends and sustainable growth principles. With this index, Aksa manifests its approach to important issues such as global warming, health, employment and water resources for the world and for Turkey.

Aksa Akrilik continues its efforts to create new business areas and develop new products for acrylic fiber with its unique technology knowledge through its R&D activities.

Partnerships were established in 2019 in the American, Far East and European markets for Armora, our modacrylic product, which has a difficult ignition feature and a difference has been made in the market with a dope-dyed product. It was decided to expand the capacity following the positive feedback obtained from our customers and seeing the market results that 1,000 tons/year production could not meet the demand.

Another noteworthy development was the cooperation between our Filament yarn Acrylusion and Sunbrella and the HRI Rugs brands, which are well known in America for outdoor products. The carpets produced with Acrylusion, are planned to be sold in the American market and then worldwide with Sunbrella. These carpets, which can be used both indoors and outdoors, were launched at the High Point / America Show in September 2019. In addition, a new development is Acrylusion being included in the collection of some brands in the knitwear sector, as well as in the carpet industry.

In Airjet yarn spinning technology, one of the short fiber spinning technologies, Highbulk yarn production was realized in cooperation with the machine supplier company. We assist our customers with technology, by way of giving demonstrations to the store chains.

DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.

Douglas G. Parks
General Manager

"Since 2016, we have doubled our company both in terms of income and number of employees. We aim to continue this growth momentum in 2020."

DowAksa provides carbon fiber intermediate and composite material solutions to the wind power, defense and aviation, automotive, building and infrastructure strengthening sectors. The company was established in 2012 as a joint venture of Dow Chemical Company and Aksa Akrilik Sanayi A.Ş.

Carbon fiber composite materials have strategic importance because they offer innovative solutions to major problems such as increasing the energy production of wind turbines, reducing fuel consumption in cars, and protecting buildings and infrastructures against earthquakes.

DowAksa, which produces this high value added, R&D and innovation-intensive material at its world-class facilities in Yalova with advanced technology, is among the world's strongest companies that play a leading role in the production of carbon fiber and carbon fiber intermediate materials. DowAksa is also the first and only Turkish company operating in the carbon fiber industry.

With the completion of the company's projects focused especially on reducing the product cost in 2018, the base product cost has reached the lowest level since 2012, and a cost savings of up to 40% has been achieved compared to previous years. Having achieved R&D success in cost reduction projects, DowAksa has strengthened its supply network in 2018 and 2019 by adding alternative local suppliers to the supply chain. DowAksa's carbon fiber production capacity is over 90%, and in 2020 works have started to expand its capacity to 5,500 tons/year.

Ak-Kim Kimya Sanayi ve Ticaret A.Ş.

Onur Kipri
General Manager

"As Ak-Kim, we have successfully completed the year 2019. As one of the leading companies in the chemical sector with our innovative and entrepreneurial spirit, we will continue to grow in local and global markets in 2020 and to add value to life with chemistry."

Turkey's Leading Chemical Company: Ak-Kim Kimya

Ak-Kim, Turkey's leading chemicals manufacturer, was established in Yalova in 1977 and has expanded its production activities in various fields over the past 42 years. Akkim serves its customers on six continents with a wide range of products including chloralkali and its derivatives, hydrogen peroxide and sodium percarbonate, methylamines, persulfates, bisulfites, textile auxiliaries, paper and water treatment chemicals, construction chemicals and plastic additives. Akkim has a special place in the chemical industry with its structure, which has close to 1,000 personnel together with its affiliates and produces at a capacity of 800,000 tons in 6 different locations.

The company, which is the market leader in many products in basic chemicals and performance chemicals, provides strategic products to cleaning, hygiene, chemistry, textile, paper, water treatment, food, medicine, pesticide, energy, building, metal, mining and plastic industries.

It continues its efforts to develop innovative products and solutions for existing markets and new target markets with 36 researchers working in the R&D Center established in 2013.

Since 2002, the Company has been selling some know-how and technologies to companies abroad and offers many different services from engineering studies to turnkey commitments.

Using its synergy in the water treatment sector, Akkim entered the advanced technology treatment sector with the investment of ultrafiltration membrane module at the Yalova Plant. The Company raised the capacity of Ammonium, Potassium and Sodium Persulfate products to 17,000 tons in total in the Yalova plant in 2016-2017. In 2018, it has made a new and modern Performance Chemicals facility investment and reached a capacity of 130,000 tons. Organic growth plans continue with new facility investments at the Yalova facility.

The company also attached importance to inorganic growth opportunities in its development strategy. Akkim incorporated Gizem Frit, one of the world's largest enamel and ceramic frit manufacturers in 2015 and entered new markets. Company purchases continued in 2017. Akkim has incorporated Dinox, a chemical sales and marketing company in Germany, to be close to its customers in the European market and to expand its export activities. In 2017, Feralco shares at Akferal company were purchased and water treatment chemicals activities in this structure were incorporated into Akkim. In the same year, Gizem Frit, a subsidiary of Akkim, made a significant integration investment by purchasing Megacolor, which produces ceramic printing inks in Spain.

In 2019 as well, work on inorganic growth opportunities continued and some strategic buying opportunities have been identified both in Turkey and in Europe. We target to continue company acquisitions in 2020.

Veysi Küçük
General Manager

"The Company continued to be on the Fortune 500 (Turkey) and ISO 500 lists in 2019. Also, as it has been in the last 11 years, it ranked first once again with its exports figure this year in the "Paint, Varnish and Inks" category at the "Star of Export" awards organized by the Association of Istanbul Chemical Products and Goods Exporters."

Gizem Seramik Frit ve Glazür Sanayi Tic. A.Ş.

Gizemfrit, the world's leading manufacturer of chemical coating materials, was established in 1979. Gizem produces over a thousand varieties in 4 main product groups: enamel, ceramic, non-stick and decorative coatings, pigment.

In addition to its office in Istanbul, Gizemfrit produces in fully automatic facilities equipped with the latest technology in the regions of Sakarya and Castellon (Spain). Gizemfrit, which has offices in the USA and China, is represented in 60 countries on 6 continents with its products.

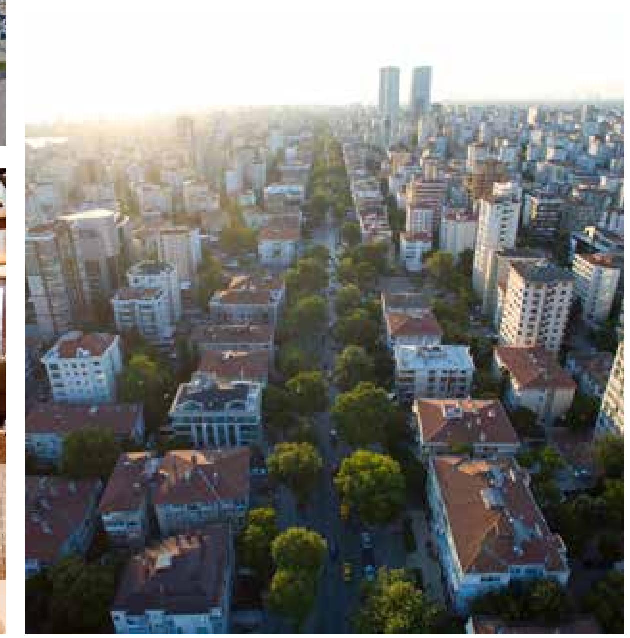
With its expert staff in its field, Gizemfrit offers new product studies and special solutions to its customers and has one of the largest R&D centers in its field. It has the technical competence to analyze and test all kinds of minerals and inorganic structures in its technological facilities with the R&D Center certificate issued by the Ministry of Science, Industry and Technology.

Continuing to be the solution partner of leading brands in the fields of white goods, kitchen appliances, glass industry, ceramic industry, Gizemfrit provides full support to its stakeholders in proactively developing products too by anticipating the needs of their customers thanks to its commercial network spread all over the world.

Gizemfrit continued to be on the Fortune 500 (Turkey) and ISO 500 lists in 2019. Also, as it has been in the last 11 years, it ranked first once again with its exports figure this year in the "Paint, Varnish and Inks" category at the "Star of Export" awards organized by the Association of Istanbul Chemical Products and Goods Exporters.

With the international fairs it participated in, in 2019, Gizemfrit opened up to many potential markets in addition to its existing customers. Gizemfrit came to the fore with its ceramic solutions and Megacolor brand in the fairs named Cersaie held in Bologna in Italy, Cevisama in Spain and Unicera in Turkey. It had a very productive fair period especially with its non-stick and decorative coating solutions and R&D approaches in the fairs at Ambiente in Frankfurt and Zuchex in Turkey.

Gizemfrit continued to invest in human resources in 2019 as well. In order to uplift the qualifications and skills of its employees, it established the Gizemfrit Academy in partnership with Sabancı University and cultivated a sustainable education model within its own organization.



real estate

- Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.
- Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
- Ak Turizm ve Dış Tic. A.Ş.

İ. Gökşin Durusoy
General Manager

"Our Company successfully completed its first bond issuance in 2019. While achieving a variety of resources, it has contributed to the development of capital markets."

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.

Akiş REIT, established in 2005 within Akkök Holding, maintains its presence in the real estate sector, which is positioned among the strategic business areas of the holding, with its strong portfolio structure and a corporate governance understanding that distinguishes it from its competitors. Akiş REIT projects are among the pioneers of the sector with their value created for the region they are located in and their environmentally friendly and sustainable features.

2019 was a year in which we tried to eliminate the negative effects of the regulations regarding the retail sector, as well as the distress caused by rising exchange rates and inflation in the previous year. This year, we focused primarily on managing our existing assets more efficiently. In Akbatı and Akasya shopping centers, which are 100% owned by Akiş REIT, our rental incomes amounted to TL 388 million in 2019. By achieving 94% and 98% occupancy rates in 2019 respectively, Akasya and Akbatı shopping malls have succeeded in maintaining their high occupancy rates coming from the past. In addition, new concepts that will enhance the experience and entertainment factor in both shopping centers continue to be available for the visitors. Celebrating its 5th year in 2019, Akasya continues to renew itself in order to move the tenant mix beyond today's dynamics. Akbatı also constantly renews itself according to the needs of the region where it is located. Both of our shopping centers support high occupancy rates with their successful financial performance, especially rental income and collection rate.

In 2019, Akiş REIT successfully completed its first bond issue, offering an alternative investment instrument for capital market investors, and expanding both diversity of resources and contributing to the capital markets. On the other hand, demolition works have been completed in its first foreign investment in London and construction activities are slated to begin in the near future. In this way, the company will continue to use the added value it will derive from domestic and international projects in the most sustainable way for its country and shareholders.

Bağdat Street projects, which will mainly serve the retail sector, will be designed in a modern way according to the needs of the sector and will contribute to the prestige of the street. After realizing our first collaboration with Beymen in street stores, we signed the first lease agreement in our Ak Apartmanı project, one of our other three Bağdat Street projects. We will raise our regular rental income by launching the projects under construction in the upcoming period.

Akiş REIT cares about the culture of success and institutionalism that comes from Akkök Holding. Continuing this approach, the Company raised its Corporate Governance Rating, which stood at 9.44 in 2016, to 9.62 by the end of 2019. With this rating, it has managed to maintain the highest Corporate Governance Rating among real estate investment trusts and construction companies.

One of the most important elements of Akiş REIT's corporate strategy is to provide its shareholders with sustainable high dividend yield. In this context, a dividend of TL 108 million was distributed to the shareholders from the profit of 2018 in 2019. Akiş REIT also maintained its position in the BIST25 Dividend Index in 2019, in which it was included for the first time in 2018.

Akiş REIT completed the required applications in 2019 to become the UN Global Compact participant, the world's largest corporate sustainability initiative.

As a result of correct use of resources, and criteria such as prioritizing internal environments and health, Akbatı and Akasya proved their sustainable applications and were awarded with "Excellent" and "Good" certificates by BREEAM In Use - International. Akbatı is the largest building in Turkey with this certificate.

The value that Akbatı Shopping Mall and Akbatı Residences add to the real estate sector has been appreciating every year with the awards they receive in Turkey and abroad. Akbatı maintained its outstanding success in 2019 and added new awards to those it received in previous years, totaling 95 awards in seven years. In 2019, Akasya too received new awards so that it has won a total of 98 awards in 5 years.

Akasya Culture and Arts - AKS which is located in Akasya, aims to provide different experiences to its visitors and has become one of the newest and most enjoyable addresses on the Asian side of Istanbul with its programs in a variety of fields of art. It took its place in the culture and art map of Istanbul in a short time, with theatre shows that are sold out, acoustic concerts, talks and exhibitions. Akasya Culture and Art won the New Spaces Award at the 2017 Direklerarası Audiences Istanbul Awards. It also received the Golden Award in the category of the Best Product and Service of the Year at the International Steive Awards - Business Awards.

Murat Kayman
General Manager

"At the Akmerkez family, we look at 2020 much more positively with the pride and happiness of completing a highly successful year with high rentals, high occupancy rates and activities. We will continue to incorporate important brands in the sector in 2020 by maintaining our occupancy rate and therefore the options for our visitors at high levels."

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

Akmerkez, which has been investing in the future since its opening in 1993 and is a leader in creating new values, has become an address of pleasant experiences and one of the city's favorite meeting points, with its distinguished brands, shopping, entertainment and food and beverage areas. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with services such as the Triangle Terrace, the functions of which have been expanded day by day, and THY Miniport, click & collect, shopping delivery, cloakroom and left luggage provided by Easy Point.

Akmerkez closed 2019 with 8 outstanding international awards with the "Givin Store" project, where an online donation platform turned into a real store within a shopping center for the first time in the world and earned regular income. With this project, 4 Platinum awards were won in the categories of 'Social Participation', 'Community Participation', 'Communication Plan' and 'Corporate Social Responsibility' at the MarCom Awards; 2 silver and a bronze awards were won in three different categories in the 'Communication and PR Campaign of the Year' category at the Stevie Awards and the silver award was won in the corporate social responsibility category at The Solal Marketing Awards. Akmerkez continues to turn shopping into a delightful experience.

With the "Agriculture Project on the terrace", Akmerkez put into practice for the first time in Turkey, sustainable local agriculture on the roof of a shopping center on a 750 m^2 field. In 2019, it expanded the scope of the project with valuable business partners from the food sector by collaborating with the Özyeğin University Gastronomy Department and Le Cordon Bleu Certificate Program. It reached wide masses with workshops, events and invitations organized throughout the summer.

The first and the final episodes of the final season of the Games of Thrones, followed enthusiastically all over the world, was screened at Akmerkez movie theaters at the same time as in the US with a special display made for the first time in Turkey with the participation of hundreds of people, amongst them distinguished names from the press and the arts.

Akmerkez has extended the usage area and duration of the Triangle Terrace, with its breathing atmosphere in the city and which is open to visitors both in summer and in winter. The Triangle Terrace hosted the Open Air Cinema for the fifth time, for the third time the Yoga Festival, "Zumba and Yoga Lessons with Mars Athletic Club" which was presented to the guests for the first time this year. It also hosted the most popular concert series of the year such as New Year's Concerts and 'Starry Meetings with Group Gündoğarken at The Triangle Terrace'

Akmerkez with Kids Zone, which provides the opportunity to have a pleasant time for its little guests on the dining floor, and the Mother & Child Meeting Center, which is organized in the former YLZ area and hosts mother-child activities 7 days a week, offers both parents and children entertainment, rest and socialization areas throughout the year.

Akmerkez will continue to progress in line with the goals of profitability and operational excellence in 2020 and to incorporate major brands in the sector.

"Ak tourism plans to build a fully-fledged conference center and wellness center on kaşik island, which is just 40 minutes from the city."

Ak Turizm ve Dış Tic. A.Ş.

Akkök Holding started Ak Tourism for its tourism investments on Kaşık Island, which has a high investment value since it is conveniently located 40 minutes from city center. A fully equipped conference center and a health/lifestyle center are planned on Kaşık Island with an awareness to preserve the natural environment of the island. The project will offer urban dwellers cultural and touristic itineraries away from the city's chaos.

Kaşık Island offers rich investment opportunities by being close to the city center and yet presents an opportunity to escape from the hubbub, noise pollution and heavy traffic. The idea for the creation of a fully equipped conference center and a health/lifestyle center has been a top priority.

When evaluating its investment decisions, a primary issue for Ak Turizm has been the desire to preserve the natural environment of Kaşık Island. With this goal in mind, only 7.600 m^2 of the total 52 thousand m^2 site have been allotted for construction.

energy

- Akenerji Elektrik Üretim A.Ş.
- SEDAŞ Sakarya Elektrik Dağıtım A.Ş.
- Sepaş Enerji Sakarya Elektrik Perakende Satış A.Ş.

Serhan Gencer
General Manager

"Akenerji, which started 2019 with an award, won the first prize in a row in the energy category at THE ONE AWARDS, which is presented to companies that expand their reputation the most every year."

Akenerji Elektrik Üretim A.Ş.

Having commenced operations in 1989 as an auto-producer group under the umbrella of the Akkök Group of Companies, Akenerji has been operating as an independent electricity generation company since 2005. Akenerji, the 50/50 joint venture between Akkök Holding, and Europe's leading power company, the CEZ Group, has the sole capacity to meet 3% of Turkey's power need, with its total installed power of 1,224 MW as of 2017 year-end. Focusing on renewable energy resource investments in 2005 to create variety in resources and cost advantages, Akenerji has expanded the number of alternative energy resource power plants through various projects over the years.

Akenerji, one of Turkey's largest energy companies, has continued unabated in its efforts to serve our country in 2019.

With 30 years of experience in the energy sector and with 1,224 MW of installed capacity, it continues to meet 3% of Turkey's energy needs.

The company reached an asset size of TL 6,874 million and a turnover of TL 1,823 million as of the end of 2019. For the same period, Akenerji's profit before interest, depreciation and tax came in at TL 346 million.

The Company created the highest EBITDA in its history in 2019, thanks to its balanced production portfolio and its proactive approach to raising operational profitability.

In 2019, when "financial sustainability" became the most important topic, Akenerji realized the refinancing of the existing loan debt amounting to USD 859 million within the scope of "Financial Restructuring" in order to consolidate its financial structure and carry out market activities in a more comfortable and stronger structure.

With the "Energy Services" initiated in 2015 as an innovative step in the energy sector, Akenerji proved the added value it envisaged with the projects it materialized and demonstrated that it would proceed with rapid, innovative and competitive steps in this field.

Continuing its active and leading role in Turkey's electricity market, Akenerji put into practice the strategies of risk management and domain extension on the speculative trading side, along with the reduction in the liquidity of energy markets in Turkey in recent years. The company raised its trade volume in the electricity markets abroad by 2.5 times compared to 2018 and reached 217 GWh transaction volume in 5 countries by making use of physical and financial products.

Akenerji, which started 2019 with an award, won the first prize in a row in the energy category at THE ONE AWARDS, which is presented to companies that expand their reputation the most every year. Akenerji, one of the leading players in the industry, continued to support the industry in every platform related to the energy market. It became one of the biggest sponsors of ISTRADE. It supported the "Turkey Energy Summit" held in Antalya under the auspices of the Ministry of Energy and Natural Resources as "Premium" sponsor. It became the "Energy Sponsor" at the AYD Shopping Economy Summit.

SEDAŞ Sakarya Elektrik Dağıtım A.Ş.

Dr. Necmi Odyakmaz
Chief Executive Officer

"Our Company provides services in one of Turkey's busiest industrial zones. With the investments and operations it carries out in the region, it ensures the 'energy', which has become an indispensable need of today's world, reaches end users in a continuous and safe manner. In line with our financial and social sustainability goals, we are taking SEDAŞ to a higher level with each passing day with our activities focused on people and adding value to the world."

The main activity field of SEDAŞ is electricity energy distribution. In addition to this service, the company offers construction and investment operations for distribution facilities, works towards ensuring efficient service in electricity distribution without power cuts, intervention in technical and non-technical failures, and meter reading services for subscribers of general illumination and electricity supply companies to determine their energy consumption.

During the restructuring process that started with the acquisition by AKCEZ, SEDAŞ has entered into a process of transformation that will make it one of Turkey's leading electricity distribution companies. The Company has a total installed power of 3,675 MVA and a peak power of 1,943 MW. It provides 24/7 uninterrupted energy distribution services to 1.9 million consumers in a total area of 3.7 million, in 45 districts, 50 municipalities, 765 villages, 1,365 neighborhoods, covering an area of 20,000 km2, including the provinces of Kocaeli, Sakarya, Bolu and Düzce.

With a service understanding that focuses on customer satisfaction and people, SEDAŞ continued its investments in order to sustain its operational successes in the field of investment, operation, maintenance and repair.

In order to ensure continuity of quality and electrical power in electricity distribution in 2019, the Company renewed network investments that have completed their economic lifespan, enhanced the electricity infrastructure capacity of developing residential areas, and focused on building transformers and new energy transmission lines.

The investment amount of SEDAŞ in 2019 was TL 93.7 million and the investment amount in the 2016-2020 tariff period will reach TL 610 million.

Continuing its R&D projects with an innovative perspective also in 2019, SEDAŞ supported R&D project ideas in order to support both operational studies and continuous development, and carried out studies by developing 4 project ideas throughout the year.

At SEDAŞ, which takes customer satisfaction as its primary priority, call center applications continued to be supported with mobile applications and it took its place among the first companies that launched WhatsApp Notification Line and company-specific mobile application across the industry. SEDAŞ, where call center standards are constantly monitored and developed, was deemed worthy of the "Most Honest Customer Experience" award in the Golden Headset Awards Competition organized by the Call Centers Association.

Our Company is respectful to social values, has a high environmental awareness, and is involved in various social responsibility projects, with a business understanding in line with financial and social sustainability goals. By signing the United Nations Women's Empowerment Principles (WEPs) within the scope of the "Forget the Gender" Project, which was carried out in the field of gender equality and equal opportunities and accelerated in 2019, we have committed our resolve and support in this regard.

Being one of the first privatized distribution companies in the sector with its fast and effective business model, SEDAŞ will continue to add value to its region with its operational, social projects and investments in the coming period.

Sepaş Enerji Sakarya Elektrik Perakende Satış A.Ş.

H. Çağrı Poyraz
General Manager

"Sepaş Energy, in the ever-changing electricity retail sector, is moving beyond an electricity supply company to facilitate the lives of customers entering their homes and workplaces with electricity and to take the customer experience to the next level."

Sepaş Energy operates in a strategic partnership with Akkök Holding, one of the leading industrial groups in Turkey, and CEZ Group, regarded as one of the top 10 energy companies in Europe. In line with the "Methods and Principles regarding Legal Separation of Distribution and Retail Sales Activities" decision of the Energy Market Regulatory Authority, Sepaş Enerji demerged from the main distribution company, and was founded on January 1, 2013. By expanding its services through this national and international union, the Company continues to include more customers in its portfolio throughout the country, while mainly focusing on its Designated Supply Zone; Bolu, Düzce, Sakarya and Kocaeli.

Improvement and development processes have been continued within the scope of efforts to carry out the main operational processes carried out in 2019 through SAP IS-U (Industrial Solutions for Utilities) and SAP CRM platforms end-to-end in an integrated way.

In order to provide better quality and uninterrupted service to our customers, developments have been completed in order to perform subscription transactions, debt inquiries and payment inquiries through e-government. At the same time, necessary improvements have been made to complete the subscription processes by e-signature on the "Sepaş Energy Online Transactions" page on our website. In this way, it is possible to perform subscription transactions without visiting our customer service centers.

Within the scope of the Law on Protection of Personal Data No. 6698, efforts to harmonize with the Law, which were carried out in previous operating periods, continued in 2019. In this context, through the business software system used in our Company, system improvements have been made in order to enlighten our customers within the scope of the Law, to obtain their clear consent, to provide the necessary information and to record all these. In addition to these improvements, "Data Masking", "Personal Data Protection" and "Data Classification Projects" have been implemented in order to provide limited and restrained access to personal data.

Another application development study launched in 2019 is the "Sayax Project". Within the scope of the project, a software development process has been initiated to ensure that the consumption information belonging to our eligible consumers can be obtained instantly and unit price calculations fed from monthly consumption information and other parameters be automated.

Sepaş Energy provided electricity supply to 1,715,052 consumers in total in 2019 and sold 10,750 GWh of energy. In line with the developing energy market dynamics, sales of new products for consumers within the scope of the Final Source Supply Tariff continued. By giving priority to ensuring financial sustainability, energy purchases have been made and different futures products have been developed for eligible consumers. In addition, in line with our energy purchase strategy in 2019, the diversity of resources was ensured by cooperating with different production and wholesale companies operating in the market.

The customer satisfaction survey was also conducted in 2019, in order to measure the satisfaction levels of customers who receive electricity supply services from Sepaş Energy. In marketing communication, regional targeted brands and activity announcements were emphasized and digital channels were positioned as the main channel of communication with shareholders. As with communication, digital channels were prioritized in new product developments and three new digital products were launched. These products are the "information update screen" on the Sepaş Energy website, which allows customers to update their information, the "installment payment system" that allows installment of invoices through online transactions, and "fast service points" that are being placed in our customer service centers. Through fast service points, our customers are able to perform their subscriptions, invoice transactions and information update operations without waiting in line.

In 2019, a fastPay campaign was created in cooperation with Denizbank, and customers who paid Sepaş Energy bills via the fastPay application received a refund of up to 10% of their invoice amounts. In addition, within the scope of another campaign targeting high consumption customers, industrial and commercial customers with the specified consumption had the opportunity to benefit from the fixed energy unit price for twelve months.

Sepaş Energy attaches importance to social responsibility activities in addition to its electricity sales activities and its efforts to raise customer satisfaction. In this context, a movie watching event was held with the participation of 200 children staying in orphanages. In addition, more than 25,000 children experienced energy savings at the Sepaş Energy Electricity Center at KidZania, children's world, and a cinema event was organized as a gift for school report cards for children in the provinces where we operate.

In addition to all these activities, a Street Energy Photography Contest was organized within the scope of communication strengthening efforts with our shareholders. Through the competition and other activities organized within this scope, especially university students, academicians and the local press were contacted. A street exhibition, consisting of photographs participating in the contest and followed by the local people with interest, was organized.

services

- Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.
- Akasya Çocuk Dünyası A.Ş.
- Ak-Pa Tekstil İhracat Pazarlama A.Ş.
- Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.
- Dinkal Sigorta Acenteliği A.Ş.

“Paper moon istanbul is one of the world’s top 70 pizza restaurants”

Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.

Paper Moon; a city classic that unites Italian flavors with comfort. Following Milano and New York, Paper Moon, a world-renowned Italian restaurant was opened in Istanbul Akmerkez in 1996. Since then it has been owned and managed by Akmerkez Lokantacılık. With its chic interior design, tranquil ambiance, meticulous service and savory cuisine, Paper Moon has become an Istanbul classic in a very short time.

Thanks to the diligent management and service quality of Akmerkez Lokantacılık, Paper Moon is today one of Istanbul’s most select and prestigious names for fine dining. The restaurant is run by Italian chef Giuseppe Pressani.

Paper Moon is expanding its menu day by day with its distinguished atmosphere and unique tastes. The interior design and professional lighting, which is a reflection of luxury and simplicity, have been deemed worthy of prestigious awards during the years it serves. The restaurant received the “Interior Design” award by Restaurants and Institutions-New York in 1997 and the “Interior Lighting” award given by Lumens-New York in 1998.

Paper Moon Istanbul which soon became one of the prestigious brands of the Istanbul food and beverage industry and turned into a city classic, was awarded the “Diploma of Good Cuisine” prize in September 2019 issued by the “Accadimia Italiana Della Cucina” established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon.

Ebru Timur
General Manager

"Over 1.5 million visitors that we host at KidZania, children's world, experience more than 120 professions and learn with fun. In an area of 10,000 square meters, children decide freely, learn to group work and lead, and meet concepts such as financial literacy. Children who come there with non-governmental organizations, with their parents, or with school visits achieve goals that can shape their future with their experience at KidZania."

Akasya Çocuk Dünyası A.Ş.

KidZania provides learning services while having fun in 22 countries and 29 cities. Akasya Çocuk Dünyası A.Ş., located in Akasya shopping mall owns the license of KidZania Istanbul and Turkey.

In KidZania, which is one of the first practitioners of the concept of "edutainment" (education and entertainment) in the world, children acquire new skills and values and develop their abilities through the role-learning method. KidZania is the first country of children, founded in Mexico in 1999, with over 67 million visitors worldwide.

KidZania İstanbul

The 16th KidZania in the world, KidZania Istanbul was established in 2014 in Akasya on 10,000 m^2. More than 1.5 million visitors were hosted on this road, which aims to have a world where all children are happy and can learn while having fun. KidZania Istanbul is a very special city, a simulation of real life where children feel free, use their creativity, produce, collaborate and learn financial literacy. It supports the values of children such as responsibility, solidarity, harmony, self-confidence, awareness and tolerance.

Since the day it was founded, children between the ages of 0-14 have been learning about teamwork, being an individual in the society and being respectful while experiencing the professions. Turkey's top 33 brands add realism to this city managed by children. It is a real city with 67 different activity areas with its bank, hospital, supermarket, laboratory, theater, university, fire station, earthquake simulation center, stadium, streets, factories and square. The Institute of Behavioral Sciences confirmed that KidZania plays an important role in child development. Activity contents in KidZania Istanbul are prepared with the guidance of pedagogues, game experts and trainers according to the ages, interests and skills of the children. Like all KidZania cities in the world, KidZania Istanbul too was designed by Mexico as a disabled-friendly environment In line with the principle of "KidZania, Every Child Has The Right".

In KidZania Istanbul, where children stay for an average of 5 hours and participate in 8 activities, children over the age of 7 can spend time as they wish without their parents. Parents who wish, can entrust their children over the age of 5 years to KidZania with the KidZitter service (game sister and brother). Security is also of paramount Importance in KidZania. In KidZania Istanbul, both children and accompanying adult visitors wear RFID wristbands. Each RFID wristband is matched with the child and the adult and defined specifically to the system. The wristband cannot be transferred to other visitors and cannot be removed from the wrist for safety reasons.

With an average of 180 staff members, the entire KidZania Istanbul team is trained for emergencies. There is always an infirmary and a doctor on standby in the event an emergency arises. Since all the work done in accordance with the Personal Data Protection Law in the city has been completed, the personal data of all visitors, including photos and videos, are protected.

Pelin Irgaç
General Manager

"We are proud to be part of our Group exports with USD 403 million in 2019. We will continue to add sustainable value to our shareholders in line with our operational excellence mission."

Ak-Pa Tekstil İhracat Pazarlama A.Ş.

Ak-Pa was founded in 1976 to handle international marketing activities and export operations of Akkök Holding of Companies. Exporting to more than 90 countries on 6 continents, Ak-Pa's commercial activities started with textile products and expanded to intermediate the foreign trade of all group companies including chemical products.

In 2019, Ak-Pa, mediated the Group's export operations by reaching USD 403 million and continued to be among the leading exporting companies in Turkey. By sharing instantly the global and national changes experienced in 2019 with Group companies, it has been a pioneer in acting in compliance with the legislation and protection against possible risks.

During the year, Ak-Pa launched the AKPRO RPA (Robotic Process Automation) project, which offers the opportunity to utilize technology efficiently, and operational processes were digitized and carried out in a shorter time with zero errors. In addition, it changed the Customs Consultancy firm and switched to a faster and more modern customs tracking system. By using the infrastructure of the company, it has implemented an e-archive system and provided quick access to documents that facilitates ease of sharing.

The results of the customer satisfaction survey that we conducted across our Group companies in 2019 revealed an evaluation of 4.5/5 as an indicator of our understanding of operational excellence.

Implementing the Integrated Management System, Ak-Pa updated its ISO 9001: 2015 and ISO 27001: 2013 documents after the interim audit. By keeping up with the changing legislation, in 2018, the Company received the Authorized Economic Operator Certificate from the Ministry of Customs and Trade, which is provided to reliable companies to offer ease and privilege in their customs procedures. The validity of the document was renewed in 2019 by presenting its annual activity report. With the rights provided by this document, the export operations of the Group companies is accelerated by completing the customs procedures through the green line.

Ak-Pa, rose 36 places compared to last year to 130th place in the Fortune 500 list where companies with the highest performances are evaluated in Turkey. In the ceremony where companies with the most exports were rewarded in 2018 by the Turkish Exporters Assembly, our Company was ranked first in the sector of Textiles and Raw Materials exports. At the ceremony held by the Istanbul Textile and Raw Materials Exporters' Association in 2018, Ak-Pa was awarded the first prize in the platinum category where the best companies are present. Ak-Pa won the first prize in the 'Paint, Varnish, Inks Exports' category at the 2018 İKMİB Stars of Export Award Ceremony organized by The Istanbul Chemicals and Products Exporters' Association. It also secured the 5th prize in the category of "Organic Chemicals".

Ak-Pa will continue to contribute to foreign trade with its rising performance in 2020.

Reha Çetin
General Manager

"We successfully launched our ERP update project in DowAksa, one of our Group companies. We developed the Oracle ERP solution with Aktek resources end to end, fully integrated with comprehensive factory automation elements, especially for Akdeniz Kimya, one of the Oyak Group companies, and put the application into use at the end of 2019. This is the most successful post-ERP MES 'Manufacturing Execution System' solution, which has been made in recent years with Aktek experience in our country and in the chemical industry. We have put into use the new Robot Applications in accordance with the processes, both within and outside the Group."

Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.

Aktek was founded in 2007 in order to become a technology service provider, offering productive services and solutions adding value as a single unit with contemporary information technologies to all Akkök Holding companies. Following developments in Information Technologies closely and implementing R&D works, Aktek aims for high standards in all of its services, and produces end to end applications and solutions that will maintain the technological infrastructures of holding companies up-to-date. In addition to these activities, Aktek has also focused on activities outside of Akkök Holding since 2010. Moving its headquarters to Yıldız Technical University Davutpaşa Technopark campus in 2014, Aktek aims to be involved in the same ecosystem, and co-create projects with technology firms, by establishing collaboration with universities and industry with its projects. Aktek transformed the structure called Aktek Garage in 2015, into a structure that supports young entrepreneurs under the slogan of "Let Your Idea Fly You to America" under the name of Future4U in 2019. With this structuring, Aktek provides opportunities for people with creative ideas to turn their ideas into projects. Aktek successfully put into use two large scale projects simultaneously at DowAksa and Akdeniz Kimya. Exports of software / services abroad, which started in 2018, continued at an increasing pace in 2019. In 2019, market research studies were carried out for Aktek to open up to the American market. In 2019, RPA (Robotic Process Automation) applications were carried out for digital transformation of business processes in all our customers.

Aktek has obtained 24% of its turnover from projects for companies outside of the Holding.

- "Aktek has successfully used the "Production, Management and Enterprise Resource Planning Software" product for the Chemical Industry.
- The Oracle ERP R12 upgrade project has been successfully used in relation to the Oracle ERP systems used by DowAksa.
- Aktek has exported its product developed specifically to the hotel management and hospitality industry.
- A "Shift Tracking System Management" software was developed for Yemek Sepeti.
- We provide infrastructure support to BN Telecom.
- Teknograph bulletins, which show sectoral innovations in addition to guiding leadership studies in the development of projects that will contribute to the digital transformation of Akkök Group companies and to augment their digital indexes, have been published monthly for our in-group customers.
- We provided Emlak Yönetim Hizmetleri with system management services.
- IBM's RPA (Robotic Process Automation) application has been integrated into the system for the automation of Renault Mais' business processes.
- Studies were carried out with the Taysad Group and the Group entrusted the infrastructure of its systems to Aktek.

Ercan Erbek
General Manager

"From the first day we were founded, we have always been by your side in the most difficult days when you needed us. We will continue to be with you in the future with our advantageous services, expert team and all our corporate strength, which we currently provide to our customers, backed by the assurance of more than 30 insurance companies."

Dinkal Sigorta Acenteliği A.Ş.

Since its founding in 1976, Dinkal Sigorta Acenteliği A.Ş. has ranked among the preferred companies in the insurance sector, thanks to its exclusive services approach which successfully meets customer needs and expectations. The company, which has the potential to provide services in all areas of insurance, works with more than 30 insurance companies in the sector and provides alternative solutions for the needs of its customers, enabling them to gain a major advantage.

While Dinkal offers classic/individual segment insurance policies for individual customers such as health, automobile insurance, traffic, housing and natural disasters, Dinkal also provides engineering, logistics, profit loss, receivables (loan), executive responsibility, etc., which include comprehensive coverages for corporate customers. It is especially specialized in the construction, chemical and energy sectors, which are the main sectors of the group. Starting from the project phase of large power plants, it can offer special studies for the risks emanating from management as well, from local and foreign sources with alternatives. In addition, Turkey's leading conglomerates and industrial plants are also present in its insurance portfolio. As of 2017, logistics risks and the customer segment in this area were also included in the portfolio and the activities were designed under the management of a specially designated department.

As of the end of 2019, Dinkal, with 43 years of service, has turned the customer-focused service approach into a principle.

Dinkal decided to add a new area to the services offered to insurers, and launched sigortaküpü.com for the use of existing and potential customers in 2016, offering a fast, solution-oriented and extensive service range in the developing digital world. The number of members exceeded 3,500 by the end of 2017. In 2018, the Company started to sell online and provided an alternative solution environment that will enable its customers to reach all the insurance solutions they need in a short time without wasting time. Existing and potential customers in this new digital platform can reach Dinkal's customer representative in a short process for all their insurance needs, view their policies through the policy book, make damages notifications, and submit their opinions and questions on any subject needed.

One of the leading companies in the insurance sector, Dinkal reinforced this position with its financial figures in 2019. As of the end of the year, the company achieved significant growth, with total premium generation of approximately TRY 111 million.

textiles

- Aksa Egypt Acrylic Fiber Industry S.A.E.

Aksa Egypt Acrylic Fiber Industry S.A.E.

"Demand contractions experienced in the global acrylic fiber market in 2019 also had an impact in Egypt and its surrounding markets."

Aksa Egypt is a subsidiary of Aksa with a 99.8% shareholding, which extends Aksa's operations in the entire North African region, particularly in Egypt. It has a capacity of about 15,000 tons. Aksa Egypt maintained its position as the most significant player in the Egyptian market with an average of 10,000 tons of sales and a turnover of up to USD 25 million in 2019. Demand contractions experienced in the global acrylic fiber market in 2019 also had an impact in Egypt and its surrounding markets. The Egyptian money markets, which have been fluctuating in recent years, experienced positive developments in 2019 and as a result, it was observed that the local currency of Egypt gained some value.

AKKÖK Holding
Anonim Şirketi

Consolidated
Financial Statements
At December 31, 2019
Together With
Independent Auditor's
Report

Building a better working world

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Independent auditor's report

To the Shareholders of Akkök Holding A.Ş.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Akkök Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of 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 December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

We have expressed an unqualified opinion in our auditor's report dated 30 March 2020 on the consolidated financial statements of the Group for the period of 1/1/2019-31/12/2019, which are prepared in accordance with Turkish Accounting Standards.

We have expressed an unqualified opinion in our auditor's report dated 30 March 2020on the annual report of Akkök Holding A.Ş. for the period of 1/1/2019-31/12/2019, which are prepared in accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC").

Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 30 March 2020.

Emphasis of Matter – Uncertainty Related to Covid 19 Pandemic

We draw attention to Note 31 which explains the recent outbreak of Covid 19 pandemic that is negatively affecting economic conditions regionally as well as globally, that the ultimate severity of this outbreak is uncertain at this time and therefore the Company cannot reasonably estimate the impact on Group's operations. Our opinion is not modified in respect of this matter.

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ferzan Ülgen, SMMM
Partner

6 May 2020
Istanbul, Turkey

Akkök Holding A.Ş.

Consolidated Statements of Financial Position at December 31, 2019

(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Audited December 31, 2019	Audited December 31, 2018
ASSETS			
Cash and cash equivalents	5	1,356,525	1,535,418
Financial investments	6	474,935	35,174
Derivative financial instruments	21	17,126	7,869
Trade receivables	9	1,356,525	1,533,157
Due from related parties	*8*	*97,170*	*60,345*
Due from other parties		*1,259,355*	*1,472,812*
Other receivables		19,066	75,960
Due from related parties	*8*	*15,292*	*71,949*
Due from other parties		*3,774*	*4,011*
Inventories	10	1,423,812	1,224,224
Current income tax assets		7,653	6,865
Prepaid expenses	11	67,126	46,194
Other current assets	19	161,881	187,865
Subtotal		**4,884,649**	**4,652,726**
Assets held for sale		1,431	1,431
Current Assets		**4,886,080**	**4,654,157**
Trade receivables	9	130,570	41,824
Due from other parties		*130,570*	*41,824*
Other receivables		14,196	14,510
Due from related parties	*8*	*12,632*	*12,879*
Due from other parties		*1,564*	*1,631*
Financial investments	6	12,223	8,016
Investments accounted using the equity method	7	735,700	510,500
Investment properties	12	5,550,758	4,933,985
Property, plant and equipment	13	1,993,977	1,863,718
Right of use assets	15	42,419	-
Intangible assets		277,419	272,454
Goodwill	*16*	*57,213*	*56,744*
Other intangible assets	*14*	*220,206*	*215,710*
Prepaid expenses	11	48,622	26,836
Deferred tax assets	29	15,687	7,224
Derivative financial instruments	21	9,597	9,080
Other non-current assets	19	7,588	5,769
Non-current Assets		**8,838,756**	**7,693,916**
TOTAL ASSETS		**13,724,836**	**12,348,073**

The consolidated financial statements for period January 1 - December 31, 2019 were approved by the Board Directors on March 16, 2020.

Akkök Holding A.Ş.
Consolidated Statements of Financial Position at December 31, 2019
(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Audited December 31, 2019	Audited December 31, 2018
LIABILITIES			
Short term borrowings	20	2,195,828	1,571,755
Short term portion of long term borrowings	20	810,353	1,256,016
Derivative financial instruments	21	46,912	8,653
Trade payables	9	1,303,870	1,102,134
Due to related parties	*8*	*62,845*	*52,990*
Due to other parties		*1,241,025*	*1,049,144*
Liabilities for employee benefits		15,632	10,692
Other payables		5,108	74,142
Due to related parties	*8*	*-*	*73,457*
Due to other parties		*5,108*	*685*
Deferred income	11	137,494	98,230
Current income tax liabilities	29	10,505	9,077
Short term provisions		49,093	39,907
Provisions for employee benefits	*18*	*35,149*	*26,309*
Other short-term provisions	*17*	*13,944*	*13,598*
Other current liabilities	19	10,654	11,322
Current Liabilities		**4,585,449**	**4,181,928**
Long term borrowings	20	2,287,041	2,168,544
Derivative financial instruments	21	29,693	5,188
Trade payables	9	3,125	3,310
Due to other parties		*3,125*	*3,310*
Other payables		7,881	7,143
Due to other parties		*7,881*	*7,143*
Deferred income	11	5,483	7,523
Long term provisions		56,592	42,107
Provisions for employee benefits	*18*	*56,592*	*42,107*
Deferred tax liabilities	29	40,564	42,342
Other non-current liabilities	19	13,319	149
Non-current Liabilities		**2,443,698**	**2,276,306**
TOTAL LIABILITIES		**7,029,147**	**6,458,234**

Akkök Holding A.Ş.

Consolidated Statements of Financial Position at December 31, 2019

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited December 31, 2019	Audited December 31, 2018
Equity attributable to equity holders of the parent			
Paid-in share capital	22	1,003,450	1,003,450
Adjustments to share capital	22	(10,406)	(10,406)
Total paid-in capital		**993,044**	**993,044**
Merger offsetting account		154,442	154,442
Repurchased shares		(20,154)	(11,684)
Premiums on shares		7,296	-
Other comprehensive income/expense to be			
Change in fair value of available-for-sale financial assets		*4,304*	*493*
Hedging reserve		*(39,395)*	*(8,559)*
Currency translation differences		*135,013*	*114,778*
Other comprehensive income/expense not to be reclassified to profit or loss			
Actuarial gain/loss arising from defined benefit plans		*(14,607)*	*(6,173)*
Restricted reserves		28,179	19,188
Retained earnings/(loss)		535,616	349,795
Net profit/(loss) for the year		365,826	203,192
Total equity attributable to owners of the parent		**2,149,564**	**1,808,516**
Non-controlling interests		**4,546,125**	**4,081,323**
TOTAL EQUITY		**6,695,689**	**5,889,839**
TOTAL EQUITY AND LIABILITIES		**13,724,836**	**12,348,073**

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

Akkök Holding A.Ş.

Consolidated Statements of Profit or Loss for the Years Ended December 31, 2019 and 2018

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited January 1-December 31, 2019	Audited January 1-December 31, 2018
Revenue	23	5,603,688	5,207,717
Cost of sales (-)	23	(4,253,146)	(3,867,251)
Gross profit		**1,350,542**	**1,340,466**
General administrative expenses (-)	24	(156,348)	(169,200)
Marketing expenses (-)	24	(148,246)	(134,094)
Research and development expenses (-)		(27,012)	(23,927)
Other operating income	25	351,217	883,699
Other operating expenses (-)	25	(281,639)	(776,849)
Operating profit		**1,088,514**	**1,120,095**
Income from investing activities	26	602,750	1,312,129
Expense from investing activities	26	(9,884)	(1,893)
Share of profit / (loss) on investments accounted using the equity method	8	55,330	(152,699)
Operating profit before financial income and expense		**1,736,710**	**2,277,632**
Financial income	28	706,871	1,559,070
Financial expenses (-)	28	(1,253,100)	(2,503,634)
Profit before tax		**1,190,481**	**1,333,068**
- Current income tax expense	29	(78,037)	(64,182)
- Deferred tax (expense)/income, net	29	(4,737)	842
Net profit for the year		**1,107,707**	**1,269,728**
Total income for the period attritude to:			
Non-controlling interest		741,881	1,066,536
Equity holders of the parent		365,826	203,192
Net profit for the year		**1,107,707**	**1,269,728**

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

Akkök Holding A.Ş.

Consolidated Statements of Other Comprehensive Income for the Years Ended December 31, 2019 and 2018

(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Audited January 1- December 31, 2019	Audited January 1- December 31, 2018
Net profit for the year		**1,107,707**	**1,269,728**
Other comprehensive income / (expense):			
Items to be reclassified to statement of income			
- Currency translation differences		*13,535*	*28,059*
- Gain/(loss) on cash flow hedge		*(123,496)*	*1,125*
- Gain/(loss) on cash flow hedge, tax effect	*29*	*14,438*	*(476)*
- Gain/(loss) on fair value of available-for-sale financial assets		*2,943*	*(5,624)*
- Gain/(loss) on fair value of available-for-sale financial assets, tax effect	*29*	*(210)*	*281*
- Gain/(loss) on currency translation differences from investments accounted using the equity method	*7*	*39,257*	*76,188*
Items not to be reclassified to statement of income			
- Actuarial gain/(loss) arising from defined benefit plans	18	(11,904)	4,537
- Actuarial gain/(loss) arising from defined benefit plans, tax effect	*29*	*2,210*	*(1,105)*
- Gain/(loss) not to be classified from other comprehensive income to investments accounted using the equity method	7	(5,709)	2,343
- Gain/(loss)not to be classified from other comprehensive income to of associates and joint ventures accounted using the equity method, tax effect	*7*	*1,137*	*23*
Other comprehensive income for the period		**(67,799)**	**105,351**
Total comprehensive income attributable to:			
Non-controlling interest		689,306	1,132,845
Equity holders of the parent		350,602	242,234
Total comprehensive income		**1,039,908**	**1,375,079**

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

Akkök Holding A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended December 31, 2019 and 2018

(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

			Items to be reclassified to profit or loss			Items not be reclassified to profit or loss									
	Paid-in capital	Adjustments to share capital	Change in fair value of available for sale financial assets	Currency translation differences	Hedging reserve	Actuarial gain/loss arising from defined benefit plans	Restricted reserves	Premiums on shares	Merger offsetting account	Repurchased shares	Retained earnings	Net profit/(loss) for the year	Total equity attributable to owners of the parent	Non controlling interests	Total equity
Balance at January 1, 2018	**989,443**	**(10,406)**	**5,837**	**73,405**	**(9,116)**	**(8,629)**	**11,308**	**-**	**154,442**	**(33,618)**	**276,675**	**201,033**	**1,650,374**	**3,089,112**	**4,739,486**
Capital increase (Note 22)	14,007	-	-	-	-	-	-	-	-	-	-	-	14,007	-	14,007
Transfer	-	-	-	-	-	-	7,880	-	-	-	193,153	(201,033)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(151,691)	-	(151,691)	(290,940)	(442,631)
Total comprehensive income for the period	-	-	(5,344)	41,373	557	2,456	-	-	-	-	-	203,192	242,234	1,132,845	1,375,079
Increase (decrease) due to repurchase of shares(*)	-	-	-	-	-	-	-	-	-	21,934	-	-	21,934	181,950	203,884
Capital increase in subsidiaries(*)	-	-	-	-	-	-	-	-	-	-	-	-		14	14
Impact of changes in the ownership rate of subsidiaries(*)	-	-	-	-	-	-	-	-	-	-	31,658	-	31,658	(31,658)	-
Balance at December 31, 2018	**1,003,450**	**(10,406)**	**493**	**114,778**	**(8,559)**	**(6,173)**	**19,188**	**-**	**154,442**	**(11,684)**	**349,795**	**203,192**	**1,808,516**	**4,081,323**	**5,889,839**
Balance at January 1, 2019	**1,003,450**	**(10,406)**	**493**	**114,778**	**(8,559)**	**(6,173)**	**19,188**	**-**	**154,442**	**(11,684)**	**349,795**	**203,192**	**1,808,516**	**4,081,323**	**5,889,839**
Transfer	-	-	-	-	-	-	8,991	-	-	-	194,201	(203,192)	-	-	-
Transactions with non controlling shareholders(**)	-	-	-	-	-	-	-	-	-	-	(1,651)	-	(1,651)	(807)	(2,458)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(228,226)	(228,226)
Total comprehensive income for the period	-	-	3,811	20,235	(30,836)	(8,434)	-	-	-	-	-	365,826	350,602	689,306	1,039,908
Increase (decrease) due to repurchase of shares(*)	-	-	-	-	-	-	-	7,296	-	(8,470)	-	-	(1,174)	(2,200)	(3,374)
Impact of changes in the ownership rate of subsidiaries(***)	-	-	-	-	-	-	-	-	-	-	(6,729)	-	(6,729)	6,729	-
Balance at December 31, 2019	**1,003,450**	**(10,406)**	**4,304**	**135,013**	**(39,395)**	**(14,607)**	**28,179**	**7,296**	**154,442**	**(20,154)**	**535,616**	**365,826**	**2,149,564**	**4,546,125**	**6,695,689**

(*) Transactions regarding to the sale of shares by held Akiş GYO and repurchase of shares by held Aksa.

(**) Transactions regarding to the sale of shares bu held Akport.

(***) Rate changes effect regarding to the repurchase of own shares by Aksa.

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

Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited December 31, 2019	Audited December 31, 2018
Net profit for the year		**1.107.707**	**1,269,728**
Depreciation and amortization expenses	13, 14, 15	205,390	165,044
Provision expenses		69,436	58,963
Adjustments for gain (loss) on sale of property, plant and equipment and intangibles and investment properties	26	(9,482)	(32,452)
Adjustments for fair value loss (gain)		(651,634)	(1,265,431)
Dividend received	26	(775)	(848)
Gain on sale of share	28	-	(18)
Adjustments for tax expense/income	29	82,774	63,340
Adjustments for interest income and expense	28	203,239	149,469
Adjustments for undistributed profit/losses of investments accounted using the equity method	7	(55,330)	152,699
Adjustments for currency translation difference		438,820	961,710
Changes in working capital		**1,390,145**	**1,522,204**
Adjustments for increase/decrease in trade receivables		99,085	(341,453)
Adjustments for increase/decrease in inventories		(250,918)	(180,882)
Adjustments for increase/decrease in due from related parties		(26,376)	68,387
Adjustments for increase/decrease in other operational receivables		304	2,110
Adjustments for increase/decrease in trade payables		191,696	137,646
Increase/decrease in due to related parties		9,855	6,337
Adjustments for increase/decrease in other operational payables		4,866	(2,268)
Increase/decrease in prepaid expenses		(42,718)	(12,447)
Increase/decrease in deferred income		37,224	60,720
Increase/decrease in employee benefits		4,940	(2,499)
Increase/decrease in other changes in working capital		39,905	(44,854)
Employee termination benefits paid	18	(29,216)	(30,117)
Income taxes paid	29	(77,397)	(63,763)
A. Cash flows from operating activities		**1,351,395**	**1,119,121**
Cash outflows from purchase of plant, property of equipment and intangibles	13, 14	(322,756)	(514,251)
Cash inflows from sales of plant, property of equipment and intangibles		10,073	82,586
Cash outflows from purchases of investment properties	12	(2,934)	(7,997)
Cash inflows from sales of invesment properties		6,815	253
Cash outflows from purchases of financial investments		(38,388)	(2,237)
Investment in inventories (residences)		6,464	(54,097)
Dividends received	7, 26	12,660	9,064
Cash outflows from capital increases in associates	7	(147,070)	(24,158)
B. Cash flows from investing activities		**(475,136)**	**(510,837)**
Cash inflows from the sale of repurchased shares		-	235,348
Cash outflows from the acquisition of own shares and other equity instruments		(5,832)	(31,464)
Cash inflows from borrowings obtained	20	3,678,541	2,840,627
Cash outflows related to loan repayment	20	(4,059,586)	(2,509,203)
Cash outflows related to financial lease liability		(2,813)	-
Dividends paid		(73,457)	(78,234)
Dividends to non-controlling interests		(228,226)	(290,940)
Cash outflows due to changes in partnership shares in a manner that does not lead to loss of control in subsidiaries		-	14
Decrease in other receivables due from related parties		46,455	-
Increase in other receivables due from related parties		-	(46,455)
Cash outflows from capital increase		-	14,007
Interest received		92,139	86,233
Interest paid		(99,154)	(180,410)
C. Cash flows from financing activities		**(651,933)**	**39,523**
Net increase in cash and cash equivalents (A+B+C)		**224,326**	**647,807**
D. Change in restricted deposits		**(447,268)**	**(530)**
E. Cash and cash equivalents at the beginning of the year	5	**1,531,068**	**883,791**
Cash and cash equivalents at the end of the year (A+B+C+D+E)	5	**1,308,126**	**1,531,068**

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

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

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Akkök Holding Anonim Şirketi ("Akkök") was established in 1979. Akkök and its subsidiaries, joint ventures and associates (together will be referred as "the Group") mainly operate in the chemicals, energy, real estate, coating and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. The Group, in addition to its main operation also has operations in restaurant management, marketing, air transport, port management, information technology, insurance agency, and tourism companies.

The Group's ultimate parents are A.R.D Holding Anonim Şirketi, NDÇ Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçkök family members (Note 22).

On 22 April 2014, at the general assembly for 2013, the Company has changed its title to Akkök Holding Anonim Şirketi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi with the amendment of 3rd Article of Company's articles of association and following the decision, change of the title has been registered on trade registry 13 May 2014 followed by the declaration on 20 May 2014,

Akkök Holding Anonim Şirketi is registered in Turkey and the address of the registered office is as follows:

Miralay Şefik Bey Sokak
No: 15 Akhan
Gümüşsuyu 34437 İstanbul

Subsidiaries

The subsidiaries of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Subsidiaries	Country of incorporation	Nature of business
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Akiş")	Turkey	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi ("Karlıtepe")	Turkey	Real estate investment
Akyaşam Yönetim Hizmetleri A.Ş	Turkey	Real estate investment
Akasya Çocuk Dünyası A.Ş.	Turkey	Real estate investment
Aksu Real Estate E.A.D. ("Aksu Real Estate")	Bulgaria	Real estate investment
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi ("Ak-Kim")	Turkey	Chemicals
Gizem Seramik Frit ve Glazür Sanayii ve Ticaret Anonim Şirketi ("Gizem Frit")	Turkey	Chemicals
Megacolor Productos Ceramicos S.L.U. ("Megacolor")	Spain	Chemicals
Megacolor Productos Ceramicos Mexico SRL CV	Mexico	Chemicals
Megacolor Foshan S.L.(*)	China	
Chemicals		
Gizem USA Inc.(**)	USA	Chemicals
Dinox Handels GmbH ("Dinox")	Germany	Chemicals
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi ("Akmeltem")	Turkey	
Chemicals		
Aksa Akrilik Kimya Sanayii Anonim Şirketi ("Aksa")	Turkey	
Chemicals		
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Textile
Fitco BV ("Fitco")(*)	Netherland	Investment
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi ("Ak Havacılık")	Turkey	Aviation
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi ("Akmerkez Lokanta")	Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi ("Akpa")	Turkey	International trade
Akport Tekirdağ Liman İşletmeleri Anonim Şirketi ("Akport")	Turkey	Port management
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi ("Aktek")	Turkey	Information technologies
Dinkal Sigorta Acenteliği Anonim Şirketi ("Dinkal")	Turkey	Insurance agency
Zeytinliada Turizm ve Ticaret Anonim Şirketi ("Zeytinliada")	Turkey	Tourism

(*) The liquidation process of the Company was completed in 2019.
(**) The company was founded in 2019, the Company has not financial statements therefore it is not consolidated.

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements for the Year Ended December 31, 2019
(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Joint ventures

The joint ventures of Akkök, the countries they are incorporated in, and the nature of their businesses and joint venture partners are as follows:

Joint Ventures	Country of incorporation	Nature of business	Joint venture partner
Akcez Enerji Yatırımlar Sanayi ve Ticaret Anonim Şirketi ("Akcez")	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Dağıtım Anonim Şirketi ("Sedaş")	*Turkey*	*Energy*	*CEZ a,s,*
Sakarya Elektrik Perakende Satış Anonim Şirket ("Sepaş")	*Turkey*	*Energy*	*CEZ a,s,*
Akenerji Elektrik Üretim Anonim Şirketi ("Akenerji")	Turkey	Energy	CEZ a,s,
Ak-El Yalova Elektrik Anonim Şirketi ("Ak-El")(*)	*Turkey*	*Energy*	*CEZ a,s,*
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	*Turkey*	*Energy*	*CEZ a,s,*
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	*Turkey*	*Energy*	*CEZ a,s,*
Ak-el Kemah Elektrik Üretim Anonim Şirketi ("Kemah")	*Turkey*	*Energy*	*CEZ a,s,*
DowAksa Advanced Composites Holding B,V, ("DowAksa")	Holland	Chemistry	Dow Europe Holdings B,V
DowAksa İleri Kompozit Malzemeler San, Ltd, Şirketi	*Turkey*	*Chemistry*	*Dow Europe Holdings B,V,*
DowAksa Switzerland GmbH	*Switzerland*	*Chemistry*	*Dow Europe Holdings B,V,*
DowAksa USA LLC	*USA*	*Chemistry*	*Dow Europe Holdings B,V,*
DowAksa Deutschland GmbH	*Germany*	*Chemistry*	*Dow Europe Holdings B,V,*
Akiş- Mudanya Adi Ortaklığı	Turkey	Real Estate	Mudanya
			WMG London
Developments L.P.	England	Real Estate	-
OXR Limited	*England*	*Real Estate*	-

(*) Ak-El Yalova Elektrik Anonim Şirketi was dissolve on December 12, 2019.

Associates

The associates of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Associates	Country of incorporation	Nature of business
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Akmerkez")	Turkey	Real Estate Development

Financial investments

The financial investments of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Financial investments	Country of incorporation	Nature of business
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi ("Akhan")	Turkey	Service
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi ("Üçgen")	Turkey	Service

Subsidiaries that are not material to the consolidated financial statements and financial investments that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with the International Accounting Standards ("IAS") issued by International Accounting Standards Board ("IASB"). IAS contains International Accounting Standards, International Financial Reporting Standards ("IFRS") and its addendum and interpretations ("IFRIC").

Akkök, its subsidiaries, joint ventures and associates maintains its accounting records and prepares its statutory financial statements in accordance with Public Oversight Accounting and Auditing Authority of Turkey's decision and General Communiqués on Accounting Systems Practices ("ASGC"), in Turkish Liras, in accordance with the requirements of Turkish Commercial Code (the "TCC").These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, It also requires management to exercise judgment in the process of applying the Group's accounting policies, The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

a) The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (e) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with IFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Akkök's control over the investee, only and only when all of the following indicators are available; (a) has power over the investee, (b) the exposure to variable returns from its involvement with the investee or is entitled to these returns, and (c) has the ability to use its power over the investee to affect the amount of return to be earned.

Such control is established through the joint exercise of; (a) the voting rights of Akkök and its subsidiaries, (b) the voting rights of certain members of Dinçkök family and the related shareholders who declared to exercise their voting rights inline with Akkök's voting preference, and (c) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök's voting preference. Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçkök family members are presented as non-controlling interests.

The statements of balance sheets and statements of comphrensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non-controlling interest.

The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at December 31, 2019 and 2018:

	Proportion of voting power held by Akkök and its subsidiaries (%)[1]		Proportion of voting power held by certain Dinçkök family members and related shareholders (%)[2]		Total voting power held		Proportion of effective interest (%)[3]	
Subsidiaries	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi	42.00	42.00	36.63	36.63	78.63	78.63	42.00	42.00
Gizem Seramik Frit ve Glazür Sanayii ve Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Megacolor Productos Ceramicos S.L.U.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Megacolor Productos Ceramicos Mexico SRL CV	*100.00*	*100.00*	*100.00*	*100.00*	*100.00*	*100.00*	*42.00*	*42.00*
Megacolor Foshan S.L.[4]	*100.00*	*100.00*	*100.00*	*100.00*	*100.00*	*100.00*	*42.00*	*42.00*
Gizem USA Inc.[5]	*100.00*	-	*100.00*	-	*100.00*	-	*42.00*	-
Dinox Handels GmbH	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi	86.69	86.69	7.50	7.50	94.19	94.19	86.69	86.69
Akport Tekirdağ Liman İşletmeleri Anonim Şirketi	100.00	96.30	-	1.85	100.00	98.15	100.00	96.30
Aksa Akrilik Kimya Sanayii Anonim Şirketi	39.59	39.59	19.88	19.88	59.47	59.47	40.39	39.94
Aksa Egypt Acrylic Fiber Industries SAE	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*39.94*	*39.94*
Dinkal Sigorta Acenteliği Anonim Şirketi	96.66	96.66	2.23	2.23	98.89	98.89	96.66	96.66
Zeytinliada Turizm ve Ticaret Anonim Şirketi	89.61	89.61	4.64	4.64	94.25	94.25	89.61	89.61
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	14.66	14.66	54.43	54.43	69.09	69.09	14.66	14.66
Aksu Real Estate E.A.D.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Akyaşam Yönetim Hizmetleri A.Ş.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Akasya Çocuk Dünyası A.Ş.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Aktek Bilgi İletişim Teknolojisi San.ve Tic. Anonim Şirketi	20.00	20.00	40.00	40.00	60.00	60.00	20.00	20.00

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) The liquidation process of the Company was completed in 2019.
(5) The company was founded in 2019, the Company has not financial statements therefore it is not consolidated.

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements for the Year Ended December 31, 2019
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c) A joint arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an economic activity. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group's interest in joint ventures is accounted for by using the equity method (Note 7). Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at December 31, 2019 and 2018:

	Proportion of voting power held by Akkök and its subsidiaries (%)[1]		Proportion of voting power held by certain Dinçkök family members and related shareholders (%)[2]		Total voting power held		Proportion of effective interest (%)[3]	
Subsidiaries	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Akenerji Elektrik Üretim Anonim Şirketi	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Ak-El Yalova Elektrik Anonim Şirketi (4)	-	*100.00*	-	-	-	*100.00*	-	*20.43*
Ak Enerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Ak-el Kemah Elektrik Üretim Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Akcez Enerji Yatırımları Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Sakarya Elektrik Dağıtım Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*50.00*	*50.00*
Sakarya Elektrik Perakende Satış Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*50.00*	*50.00*
Dowaksa Advanced Kompozit Holding B.V.	50.00	50.00	-	-	50.00	50.00	19.79	19.79
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa Switzerland GmbH	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa USA LLC	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa Deutschland GmbH	*100.00*	*100,00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
Akiş - Mudanya Adi Ortaklığı	50.00	50.00	-	-	50.00	50.00	8.87	8.87
WMG London Developments L.P.	51.00	51.00	-	-	51.00	51.00	7.48	7.48
OXR Limited	*100.00*	*100,00*	-	-	*100.00*	*100.00*	*7.48*	*7.48*

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) Ak-El Yalova Elektrik Anonim Şirketi was dissolve on December 12, 2019.

(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

d) Investments in associated undertakings are accounted for using the equity method (Note 7). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök’s voting preference or through the Group’s exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group’s interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at December 31, 2019 and 2018:

	Proportion of voting power held by Akkök and its subsidiaries (%)[1]		Proportion of voting power held by certain Dinçkök family members and related shareholders (%)[2]		Total voting power held		Proportion of effective interest (%)[3]	
Subsidiaries	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Akmerkez GayrimenkulYatırım Ortaklığı Anonim Şirketi[4]	13.12	13.12	5.57	5.57	18.69	18.69	13.12	13.12

e) Other investments in which the Group and its subsidiaries have an interest below 20%, or Group and its subsidiaries have an interest over 20% but the Group does not exercise a significant influence, or which are immaterial, are classified as available-for-sale investments, Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 6).

	Proportion of voting power held by Akkök and its subsidiaries (%)[1]		Proportion of voting power held by certain Dinçkök family members and related shareholders (%)[2]		Proportion of effective interest (%)[3]	
Financial Investments	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi (“Akhan”)	99.00	99.00	0.15	0.15	99.00	99.00
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi (“Üçgen”)	39.37	39.37	-	-	39.37	39.37

[1] Represents total direct ownership interest held by Akkök and its subsidiaries.
[2] Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
[3] Represents total direct and indirect ownership interest held by Akkök.
[4] Akkök has the significant influence over Akmerkez GYO, an associate of the Group, through representation on the board of directors and participation in policy-making processes, including participation in decisions about dividends or other distributions.

2.3 Offsetting

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

2.4 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 ‘Leases’. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 ‘Leases’ and related interpretations and is effective for periods beginning on or after January 1, 2019.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of ’low-value’ assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16:

The Group adopted IFRS 16 using the modified retrospective approach. The Group elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group therefore did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

Assets	
Right-of-use assets	28,804
Liabilities	
Lease liabilities	(28,804)

The standard is applied for annual periods beginning on or after 1 January 2019

- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (Amendments)
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements – 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

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

- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- IFRS 17 - The new Standard for insurance contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2.5 Comparatives and adjustment to previous periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified.

- As of 31 December 2018, the unpaid portion of the TL 73,457 dividend, that is shown as paid dividend under the cash flows from financing activities, has been netted off with the trade and other payables due to related parties account, that is shown under the cash flows from operating activities.

2.6 Changes in accounting policies, accounting estimates and errors

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

2.7 Going concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.8 Changes in accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

a) initial direct costs incurred,
b) lease payments made at or before the commencement date less any lease incentives received,
c) all initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

(a) Fixed payments,
(b) Variable lease payments that depend on an index or a rate,
(c) Amounts expected to be paid under residual value guarantees
(d) The exercise price of a purchase option reasonably certain to be exercised by the Group and
(e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

(a) Increase the carrying amount to reflect the interest on the lease obligation, and
(b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Related parties

Parties are considered related to the Group if;

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

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

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

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Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 8).

3.2 Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model of the Group is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment (Note 6).

3.3 Trade receivables and payables

Trade receivables are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

Applied the “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases, and are carried at amortised cost (Note 9).

3.4 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Land planned for used in current or near future development projects are classified as inventories. As of balance sheet date, inventories which are not expected to be sold in one year are classified under non-current assets.

3.5 Investment properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property” (Note 12).

Investment properties are measured at fair value and changes in fair value are recognized under statement of profit or loss. Fair value of an investment property is the price at which the property could be exchanged between or a payment of a debt between knowledgeable and willing parties in a market condition.

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3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life (Year)
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	4-8
Furniture and fixtures	2-50
Leasehold improvements	4-5

The Group assesses at each balance sheet date whether there is objective evidence that a property, plant and equipment or a group of property, plant and equipment is impaired. In the event of circumstances indicating that an impairment has occurred in the property, plant and equipment, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective property, plant and equipment or the next sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 26).

Repairs and maintenance are charged to consolidated statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will be retained.

3.7 Intangible assets

Intangible assets acquired separately from a business are capitalised at acquisition cost. Intangible assets created within the business are not capitalised and the related expenditures are charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the developments will be started after the production of these developments are started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 14).

Fees paid for usage rights of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi (“Yalkim OSB”) have been classified under intangible assets and fees paid for usage of land with indefinite useful life is not amortized.

Intangible assets recognized as a part of business combination

In business combinations, the acquirer may recognize identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree’s financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The customer relationships of the acquiree is considered as identifiable intangible asset and recognized at fair value at the acquisition date.

Intangible assets useful lives vary between 3 and 15 years.

Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well. The costs related to the development projects are capitalised when the criteria below are met and amortised on a straight-line basis over the useful lives of related projects according to IAS 38 “Intangible Assets” (Note 14):

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated
- Adequate technical, financial and other resources required for completion of the project are available.

The Group manages research and development projects with project declaration documentation. On the beginning and ending of projects, top management of Group confirms projects declaration forms, reviews projects and controls research and development expenses and capitalization.

3.8 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - “Revenue from Contracts with Customers” standard effective from January 1, 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. After that determines at whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore fies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group’s collection right of the consideration for the goods or services,
b) customer’s ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer’s ownership of significant risks and rewards related to the goods or services,
e) customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted.

On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference of the consideration is recognised on an accrual basis as other operating income. Incomes from consultancy services resulting from the construction of facilities are accounted for when it is probable that the economic return to the Group will be possible and the yield can be reliably measured. Revenue is calculated by deducting the discounts and value added and sales taxes.

Dividend income is recognised when the Group has the right to receive the dividend payment.

Commission income is recognised when the intermediary goods have been billed by the seller.

The Group has accrued volume rebates in line with the customers’ purchase targets to be paid at the end of the year. The Group classifies such volume rebates as “sales discounts” account under revenues.

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are offsetted from rent revenue as incurred.

Revenue is shown by after eliminated in-group sales, deducting discounts and sales taxes.

Revenue from real estate sales is recognized in the statement of comprehensive income when the risks and benefits are transferred to the buyer.

Interest income is recognized using the effective interest method, which takes into account the future cash inflows from an asset over its expected life.

3.9 Borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 20).

3.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

3.11 Provision for employee termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

IAS 19, "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc,) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses
(Note 18).

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, "Employee Benefits", Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 18).

Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

3.12 Current and deferred tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period,

The corporation tax rate is 20% after January 1, 2006 in Turkey. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2019, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment incentive exemption, etc,) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Akmerkez, an associate of the Group and Akiş, a subsidiary of the Group, are not subject to Corporate Tax according to article 94, paragraph 6-a of Income Tax Law and the stoppage rate is decided as "0%" according to decision numbered 93/5148 by Council of Ministers,

Deferred tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements,

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Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized (Note 29).

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2019, 22% tax rate is used in the deferred tax calculation of December 31, 2019 for the temporary differences expected to be realized/closed within 3 years (for the years 2019, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level.

3.13 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 31).

3.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 17).

3.15 Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements, but disclosed when an inflow of economic benefits is probable.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs (Note 17).

3.16 Business combinations

Business combinations are accounted in accordance with IFRS 3, “Business Combinations”. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement.

Changes in Ownership Interests

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with owners of the parent. In a purchase transaction with non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. In a sale transaction with non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non-controlling interests are not accounted for in the consolidated statement of comprehensive income.

3.17 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

3.18 Derivative financial instruments

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

Cash Flow Hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Hedge accounting

The Group has determined that the transactions subject to hedge accounting that already meet the required criteria will be within the scope of hedge accounting within the framework of IRFS 9. IFRS 9 does not change the general principles of an entity’s effective hedge accounting. IFRS 9 does not have a significant effect on the Group’s financial statements.

3.19 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents include investments in which cash and bank deposits are highly liquid, short-term and readily convertible into cash with a maturity of 3 months or less (Note 5).

3.20 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are recognised in the statement of comprehensive income by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

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3.21 Paid in share capital

The shareholders are classified as share capital. The share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings (Note 22).

3.22 Leases

a) The Group as the lessor

Operating leases

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 of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

b) The Group as the lessee

Finance leases

Assets held under a finance lease are presented in statement of financial position as a receivable at an amount equal to the present value of lease payments. Interest income is determined over the term of the lease using the net investment period, which reflects a constant periodic rate of return and the deferred financial income on the transaction date is recognised as unearned finance income.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to IFRS, necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

a) Fair values of investment property

The Group has determined the fair values of investment properties and disclosed them in Note 13.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

b) Deferred income tax assets

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 29).

c) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary adjustments are made necessary (Note 13 and 14).

d) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 17).

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 29).

f) Impairment of goodwill

According to the determined accounting policies, the Group performs impairment test for goodwill annually or when circumstances indicate that the carrying value may be impaired. Impairment test for goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined by discounted cash flow projections of Groups five year business plan (Note 16).

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at December 31, 2019 and 2018 is presented below:

	December 31, 2019	**December 31, 2018**
Cash on hand	557	602
Cash at banks	1,354,537	1,532,973
Demand deposits	*113,483*	*192,961*
Time deposits	*1,241,054*	*1,340,012*
Other	1,431	1,843
Total	**1,356,525**	**1,535,418**

The reconciliation between cash and cash equivalents in the consolidated statement of financial position and the consolidated statements of cash flows as at December 31, 2019 and 2018 is as follows:

	2019	2018
Cash and cash equivalents	1,356,525	1,535,418
Less: restricted deposits	(45,166)	(535)
Less: interest accruals	(3,233)	(3,815)
Cash and cash equivalents	**1,308,126**	**1,531,068**

Interest rate of time deposits with maturities less than 3 months at December 31, 2019 and 2018 are as follows:

	December 31, 2019		December 31, 2018	
	Time Deposit	Interest Rate %	Time Deposit	Interest Rate %
USD	356,832	1,35-5,50	837,083	4,00-5,50
EUR	409,005	0,10-3,75	324,442	1,45-2,20
TL	475,217	9,50-23,25	178,487	10,80-23,25
Total	**1,241,054**		**1,340,012**	

NOTE 6 - FINANCIAL INVESTMENTS

	December 31, 2019	December 31, 2018
Bank deposits with maturities over three months(*)	426,813	24,176
Stock and bond with maturities over three months	48,122	10,998
Current financial investments	**474,935**	**35,174**
Available-for-sale financial investments	11,997	7,790
Financial investments not included in the scope of consolidation(**)	226	226
Non-current financial investments	**12,223**	**8,016**
Total	**487,158**	**43,190**

(*) Bank deposits are blocked by banks for borrowings obtained by subsidiaries of the Group. Interest rates of such, bank deposits are between 4% to 15%.
(**) Financial investments that are excluded from the scope of consolidation are excluded on the grounds of immateriality. As these shares do not have quoted market price in an active market, they are carried at cost, adjusted for inflation accounting that was applicable until December 31, 2004.

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Available-for-sale financial investments:	%	2019	%	2018
Yapı ve Kredi Bankası Anonim Şirketi	<1	11,427	<1	7,373
Akçansa Çimento Sanayi Anonim Şirketi	<1	570	<1	417
Total		**11,997**		**7,790**

Movements of available-for-sale financial investments for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
January 1	7,790	11,177
Addition	1,264	2,237
Changes in fair value	2,943	(5,624)
December 31	**11,997**	**7,790**

Financial investments not included in the scope of consolidation:	December 31, 2019	December 31, 2018
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi	119	119
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi	107	107
Total	**226**	**226**

NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

	December 31, 2019	December 31, 2018
DowAksa	302,846	286,658
Akcez	200,219	56,903
Akmerkez	204,822	141,759
WMG London	27,813	25,180
Akenerji(*)	-	-
Total	**735,700**	**510,500**

(*) The Group has not recognised the Group's share in loss of Akenerji amounting to TL 120,106,540 in the financials statements as of December 31, 2019. The Group is in the opinion that that unrecognised period losses will not constitute further liabilities.

Movements of investments accounted using the equity method during the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
1 January	**510,500**	**568,703**
Share of loss from associates	55,330	(152,699)
Dividend received	(11,885)	(8,216)
Other comprehensive income from associates	34,685	78,554
Capital increase	147,070	24,158
December 31	**735,700**	**510,500**

As of December 31, 2019 and 2018, summarised financial information for the Group's investments accounted for using the method are presented below:

December 31, 2019	Assets	Liabilities	Revenue	Net (loss)/profit for the period
Akenerji(*)	2,920,925	5,595,102	1,823,209	(587,893)
Akcez	3,150,658	2,863,548	4,093,691	1,590
DowAksa	1,802,559	1,196,867	370,081	(37,972)
Akmerkez	1,569,725	9,177	117,659	572,043
WMG London	87,800	32,948	-	(3,003)

December 31, 2018	Assets	Liabilities	Revenue	Net (loss)/profit for the period
Akenerji(*)	2,973,793	5,062,164	2,215,718	(1,396,642)
Akcez	2,872,798	2,872,322	4,040,287	(199,999)
DowAksa	1,523,809	950,493	337,155	(22,934)
Akmerkez	1,086,913	6,433	116,629	(302,733)
WMG London	66,440	17,067	-	(2,968)

(*) Total assets and liabilities in the consolidated financial statements where the Akenerji's property, plant and equipment are accounted for at fair value are TL 6,874,073,181 and TL 5,912,905,672 respectively (December 31, 2018 - TL 5,704,568,702 and TL 5,244,003,709).

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As of December 31, 2019 and 2018, market capitalization of the Group's investments accounted for using the equity method are presented below:

December 31, 2019	Total market capitalization as of December 31, 2019	Group's share
Akenerji	831,247	169,824
Akmerkez GYO	887,628	116,457
Total	**1,718,875**	**286,281**

December 31, 2018	Total market capitalization as of December 31, 2019	Group's share
Akenerji	459,373	93,850
Akmerkez GYO	610,012	80,034
Total	**1,069,385**	**173,884**

NOTE 8 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

The analysis of trade receivables due from related parties as at December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
DowAksa(*)	60,373	33,773
Akenerji(*)	25,868	16,735
Akcez(*)	6,310	5,712
Other	4,619	4,125
Total	**97,170**	**60,345**

b) Other receivables from related parties

The analysis of other receivables due from related parties as at December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
DowAksa(*)(***)	13,843	24,678
Akcez(*)	1,449	46,455
Ottoman Gayrimenkul Yatırımları İnş. ve Tic. A.Ş.(**)	-	816
Total	**15,292**	**71,949**

c) Non-current other receivables from related parties

	December 31, 2019	December 31, 2018
Akiş Mudanya Adi Ortaklığı(*)	12,632	9,407
Ottoman Gayrimenkul Yatırımları İnş. ve Tic. A.Ş(**)	-	3,472
Total	**12,632**	**12,879**

(*) Joint ventures
(**) Financial investments
(***) According to the agreement between Aksa, DowAksa and DowAksa Advanced Composites Holdings B.V., the facility of Solvent Recovery Unit was delivered to DowAksa in accordance with the leasing model. The usage of the facility was revised, a new agreement has been reached between the two companies and the facility has been transferred as of December 31, 2018 to the fact that a large part of the capacity is used by Aksa.

d) Short-term trade payables due to related parties

	December 31, 2019	December 31, 2018
DowAksa(*)	53,121	41,890
Yalkim OSB(**)	3,399	1,824
Akcez(*)	3,023	-
Akgirişim(**)	1,013	7,939
Other	2,289	1,337
Total	**62,845**	**52,990**

e) Short-term other payables due to related parties

	December 31, 2019	December 31, 2018
ARD Holding A.Ş.(**)(***)	-	24,486
Atlantik Holding A.Ş.(**)(***)	-	24,486
NDÇ Holding A.Ş.(**)(***)	-	24,485
Total	**-**	**73,457**

(*) Joint ventures
(**) Other related parties
(***) As of December 31, 2019, other payables to related parties consist of dividend payables to be paid to shareholders.

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f) Sales to related parties

	December 31, 2019	December 31, 2018
DowAksa(*)	98,210	73,368
Akcez(*)	32,034	27,407
Akenerji(*)	23,653	30,281
Akgirişim(**)	939	5,543
Diğer	15,916	20,062
Total	**170,752**	**156,661**

g) Service and product purchases from related parties

	December 31, 2019	December 31, 2018
Yalkim OSB(**)(****)	34,826	50,498
Akcez(*)	32,611	62
Akgirişim(*)(****)	29,613	43,533
Akhan(***)	5,134	6,042
Akenerji(*)	-	3,013
Other	12,447	3,336
Total	**114,631**	**106,484**

Purchases from related parties consist of energy, chemical products, services, consultancy and rent expenses.

h) Interest income from related parties

	December 31, 2019	December 31, 2018
Akiş Mudanya Adi Ortaklığı(*)	-	1,479
Total	**-**	**1,479**

(*) Joint ventures
(**) The usage rights cost of joint treatment plant within Yalkim Organized Industrial Zone.
(***) Financial investments not included in the scope of consolidation
(****) Other related parties

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

i) Key management compensation

The Group has determined the key management personnel as the members of the board of directors and executive committee members,

	December 31, 2019	December 31, 2018
Key management compensation	19,577	18,263
Other benefits	199	229
Total	**19,776**	**18,492**

j) Commitments given to related parties

The long term loan amounting to USD 325,000,000 granted to Akcez and its subsidiaries, Sedaş and Sepaş as borrowers, by the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") was refinanced on the basis of the negotiations with the same Bank Group as of 20 May 2016. As of the date of the refinancing of the loan, the balance is USD 220,675,000 and Akcez's shareholders Akkök Holding Anonim Şirketi And Cez Anonim Şirketi have become guarantors of the loans (each responsible individually and with a maximum balance equal to half of the loan). Loan repayments are made by Akcez and the balance of the loan is USD 163,248,083 as of December 31, 2019.

Akcez's shareholders Akkök Holding Anonim Şirketi and Cez Anonim Şirketi have become guarantors solely (each responsible individually and with a maximum amount equal to half of the loan) with respect to long term loans amounting to USD 49,288,503 and TL 141,384,071 obtained by Akcez's subsidiary, Sedaş as borrower, from the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") as part of the refinancing agreement dated 20 May 2016. Loan repayments are made by Sedaş. As of December 31, 2019, the remaining balance of the loan is USD 49,288,503 and TL 141,384,071.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties

	December 31, 2019	December 31, 2018
Trade receivables	1,362,686	1,553,230
Less: Provision for doubtful receivables	(98,412)	(72,786)
Less: Unearned financial income	(4,919)	(7,632)
Subtotal	**1,259,355**	**1,472,812**
Trade receivables from related parties (Note 9)	97,170	60,345
Total	**1,356,525**	**1,533,157**

Maturity of trade receivables of the Group is generally less than three months (2018: less than three months). The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables is necessary other than the provision provided.

Movements of provision for doubtful trade receivables for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
1 January	**72,786**	**69,343**
Collections and write off	(2,278)	(1,882)
Charge for the year	27,904	5,325
December 31	**98,412**	**72,786**

b) Long-term trade receivables

	December 31, 2019	December 31, 2018
Trade receivables	84,814	-
Notes receivables	49,592	43,924
Less: Unearned financial income	(3,836)	(2,100)
Total	**130,570**	**41,824**

c) Short-term trade payables

	December 31, 2019	December 31, 2018
Trade payables	1,243,682	1,052,120
Less: Unearned financial expenses	(2,657)	(2,976)
	1,241,025	**1,049,144**
Trade payables to related parties (Note 8)	62,845	52,990
Total	**1,303,870**	**1,102,134**

d) Long-term trade payables

	December 31, 2019	December 31, 2018
Trade payables	3,125	3,310
Total	**3,125**	**3,310**

NOTE 10 - INVENTORIES

	December 31, 2019	December 31, 2018
Raw materials	568,804	409,699
Semi-finished goods	53,059	47,191
Finished goods	281,016	240,343
Trade goods	8,883	14,066
Complete and incomplete residences	498,529	504,993
Other inventories and spare parts	68,168	59,752
Less: Provision for impairment in inventories(*)	(54,647)	(51,820)
Total	**1,423,812**	**1,224,224**

(*) The inventory value of TL 38,422,009 the cost of Çiftehavuzlar land as of December 31, 2019 amounting to TL 75,491,008 is the amount of impairment resulting from the redemption of land to the purchase price of TL 37,069,000 (December 31, 2018: 37,069,000).

	2019	2018
January 1	**51,820**	**28,777**
Charge for the year	11,740	23,043
Reversals for the year	(8,913)	-
December 31	**54,647**	**51,820**

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	December 31, 2019	December 31, 2018
Current prepaid expenses:		
Advances given for inventories	41,155	27,038
Prepaid expenses	25,971	19,156
Total	**67,126**	**46,194**
Non-current prepaid expenses:		
Advances given	40,948	24,172
Prepaid expenses	7,674	2,664
Total	**48,622**	**26,836**
Deferred income:		
Advances received	86,578	92,760
Deferred income	50,916	5,470
Total	**137,494**	**98,230**
Long term deferred income:		
Deferred income for the year(*)	5,029	6,717
Advances received	454	806
Total	**5,483**	**7,523**

(*) This amount consists of the councils which are taken as promotional contribution shares from the related tenants of Akasya Shopping Center. Contributions are recorded on the basis of the relevant rental period.

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NOTE 12 - INVESTMENT PROPERTIES

	January 1, 2019	Additions	Disposals	Transfers	Currency translate differences	Increase in fair value	December 31, 2019
Land and buildings	4,933,985	2,934	(6,815)	42,039	430	578,185	5,550,758
Net book value	**4,933,985**	**2,934**	**(6,815)**	**42,039**	**430**	**578,185**	**5,550,758**

	January 1, 2018	Additions	Disposals	Increase in fair value	December 31,2019
Land and buildings	3,654,271	7,997	(253)	1,271,970	4,933,985
Net book value	**3,654,271**	**7,997**	**(253)**	**1,271,970**	**4,933,985**

	Used method	Level	December 31, 2019	December 31, 2018
Akasya Shopping Mall	Discounted cash flow method	2	3,650,000	3,331,000
Akbatı Shopping Mall	Income approach method	2	1,465,000	1,216,000
Uşaklıgil Project	Market approach method	2	228,369	214,380
Yalova-Çiftlikköy land and buildings	Substitution cost method	2	85,325	78,000
Akhan	Precedend comparison method	2	35,470	33,620
Social facility	Precedend comparison method	2	21,850	20,835
Other	Precedend comparison method	2	64,744	40,150
Total			**5,550,758**	**4,933,985**

Fair value of the Group's investment properties, as of December 31, 2019 were estimated by an independent valuation company as TL 5,550,758,000 (2018: TL 4,933,985,000). Total fair value determined is classified as Level 2.

There are amounting to TL 3,522,574,939 mortgage on investment properties of the Group as of December 31, 2019 (2018: TL 2,761,466,737).

As of December 31, 2019, there is TL 4,261,658,971 insurance guarantee on investment properties (December 31, 2018: 3,824,260,058 TL).

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NOT 13 - PROPERTY, PLANT AND EQUIPMENT

	January 1, 2019	Additions	Disposals	Transfers(*)	Currency translation differences	December 31, 2019
Cost						
Land and land improvements	281,099	556	(513)	12,620	340	294,102
Buildings	357,163	336	(598)	10,662	2,158	369,721
Machinery and equipment	2,215,626	12,782	(15,651)	134,448	3,579	2,350,784
Motor vehicles	86,022	4,556	(2,205)	-	279	88,652
Furniture and fixtures	136,671	7,645	(2,008)	4,019	150	146,477
Leasehold improvements	16,154	268	-	-	-	16,422
Construction in progress(**)	111,840	277,621	-	(173,295)	-	216,166
Total	**3,204,575**	**303,764**	**(20,975)**	**(11,546)**	**6,506**	**3,482,324**
Accumulated Depreciation						
Land and land improvements	66,943	5,296	(38)	-	-	72,201
Buildings	84,645	9,233	(582)	-	645	93,941
Machinery and equipments	1,068,676	136,179	(15,346)	-	2,977	1,192,486
Motor vehicles	22,332	456	(1,780)	-	158	21,166
Furniture and fixtures	87,458	11,904	(1,643)	-	120	97,839
Leasehold improvements	10,803	906	(995)	-	-	10,714
Total	**1,340,857**	**163,974**	**(20,384)**	**-**	**3,900**	**1,488,347**
Net book value	**1,863,718**					**1,993,977**

(*) Amount of TL 11,546,279 of transfers are transferred to intangible assets.
(**) Construction in progress is mainly comprised of modernization of production facilitites and construction of reverse osmosis facility of Aksa, and investmets with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

Depreciation expense of the current period is TL 184,351,433 for the cost of goods sold, TL 4,258,857 for research and development expenses, TL 7,454,207 for general administrative expenses, TL 6,505,428 for marketing, sales and distribution expenses and TL 565,000 are include in project development costs not yet completed and TL 2,255,000 are included in inventories.

	January 1, 2018	Additions	Disposals	Transfers(*)	Currency translation differences	December 31, 2018
Cost						
Land and land improvements	290,974	2,267	(58,083)	45,581	360	281,099
Buildings	337,521	3,685	(677)	12,904	3,730	357,163
Machinery and equipment	1,873,001	145,741	(62,932)	254,353	5,463	2,215,626
Motor vehicles	84,112	2,203	(437)	-	144	86,022
Furniture and fixtures	126,449	8,820	(8,959)	10,164	197	136,671
Leasehold improvements	18,309	549	(2,723)	19	-	16,154
Construction in progress(**)	97,054	323,086	(2,948)	(305,352)	-	111,840
Total	**2,827,420**	**486,351**	**(136,759)**	**17,669**	**9,894**	**3,204,575**
Accumulated Depreciation						
Land and land improvements	88,238	5,647	(26,942)	-	-	66,943
Buildings	75,777	8,602	(242)	-	508	84,645
Machinery and equipments	1,013,549	113,955	(61,761)	-	2,933	1,068,676
Motor vehicles	21,824	769	(359)	-	98	22,332
Furniture and fixtures	83,137	11,600	(7,485)	-	206	87,458
Leasehold improvements	12,843	681	(2,721)	-	-	10,803
Total	**1,295,368**	**141,254**	**(99,510)**	**-**	**3,745**	**1,340,857**
Net book value	**1,532,052**					**1,863,718**

(*) Amount of TL 17,669,435 of transfers are transferred to intangible assets.
(**) Construction in progress is mainly comprised of modernization of production facilitites and construction of reverse osmosis facility of Aksa, and investmets with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

NOTE 14 - INTANGIBLE ASSETS

	January 1, 2019	Additions	Disposals	Transfers	Currency translation differences	December 31, 2019
Cost:						
Rights	119,997	10,778	(332)	1,815	1,056	133,314
Development costs	46,470	5,870	-	9,053	-	61,393
Other	15,891	2,344	(285)	678	279	18,907
Customer list	138,423	-	-	-	2,789	141,212
Total	**320,781**	**18,992**	**(617)**	**11,546**	**4,124**	**354,826**
Accumulated amortisation:						
Rights	27,023	6,671	(332)	-	822	34,184
Development costs	18,114	4,110	-		-	22,224
Other	11,074	1,485	(285)	-	219	12,493
Customer list	48,860	14,652	-	-	2,207	65,719
Total	**105,071**	**26,918**	**(617)**	**-**	**3,248**	**134,620**
Net book value	**215,710**					**220,206**

	January 1, 2018	Additions	Disposals	Transfers	Currency translation differences	December 31, 2018
Cost:						
Rights	140,135	16,965	(13,012)	(26,180)	2,089	119,997
Development costs	29,314	8,970	(73)	8,259	-	46,470
Other	12,626	1,965	(57)	252	1,105	15,891
Customer list	131,778	-	-	-	6,645	138,423
Total	**313,853**	**27,900**	**(13,142)**	**(17,669)**	**9,839**	**320,781**
Accumulated amortisation:						
Rights	21,226	5,673	(200)	-	324	27,023
Development costs	15,455	2,659	-	-	-	18,114
Other	8,319	2,076	(57)	-	736	11,074
Customer list	35,052	13,382	-	-	426	48,860
Total	**80,052**	**23,790**	**(257)**	**-**	**1,486**	**105,071**
Net book value	**233,801**					**215,710**

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NOTE 15 - RIGHT OF USE ASSETS

	1 January 2019	Additions	Disposals	Effect of change in accounting policy	31 December 2019
Cost:					
Vehicles	9,393	14,189	(206)	2,761	26,137
Site rent	930	134	-	9,547	10,611
Buildings	18,481	49	-	1,577	20,107
	28,804	**14,372**	**(206)**	**13,885**	**56,855**
Accumulated depreciation:					
Vehicles	-	9,115	(62)	-	9,053
Site rent	-	961	-	-	961
Buildings	-	4,422	-	-	4,422
	-	14,498	(62)	-	14,436
Net book value	**28,804**				**42,419**

NOTE 16 - GOODWILL

Şerefiyenin 31 Aralık 2019 ve 31 Aralık 2018 tarihleri itibarıyla detayları aşağıdaki gibidir:

December 31, 2019	Karlıtepe	Gizem Frit	Dinox	Akferal	Megacolor	Total
Purchase consideration settled in cash	100	212,458	13,992	16,398	32,470	275,418
Contingent consideration(*)	-	9,436	-	-	5,516	14,952
Net liabilities/(assets) acquired	607	(171,185)	(11,150)	(15,610)	(38,016)	(235,354)
Currency translation differences	-	-	2,034	-	163	2,197
Goodwill	**707**	**50,709**	**4,876**	**788**	**133**	**57,213**

December 31, 2018	Karlıtepe	Gizem Frit	Dinox	Akferal	Megacolor	Total
Purchase consideration settled in cash	100	212,458	13,992	16,398	32,470	275,418
Contingent consideration(*)	-	9,436	-	-	5,516	14,952
Net liabilities/(assets) acquired	607	(171,186)	(11,150)	(15,610)	(38,016)	(235,355)
Currency translation differences	-	-	1,578	-	151	1,729
Goodwill	**707**	**50,708**	**4,420**	**788**	**121**	**56,744**

(*) Contingent consideration has been remeaseured as of balance sheet date of these consolidated financial statements.

Impairment test for goodwill:

On January 5, 2015, the Ak-Kim, a subsidiary of the Group, acquired 100% shares of Gizem Frit. On May 22, 2015, the Akiş, a subsidiary of the Group, acquired 100% shares of Karlıtepe. Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dinox on February 15, 2017 for a consideration of EUR 3,750,000. On November 3, 2018 the remaining 50% shares of Akferal was acquired by Ak-Kim from the FERALCO AB by for a consideration of TL 9,000,000. Gizem Frit, a subsidiary of the Group, acquired a 100% shares of Megacolor on November 22, 2017 for a consideration of EUR 7,002,128. The difference between the total purchase price, fair value of acquired net assets and resulting goodwill in the consolidated financial statements.

The Group tests whether goodwill has suffered any impairment on an annual basis. The Group, considers the carrying value of its investment in Gizem Frit, Karlıtepe, Dinox, Akferal and Megacolor for possible impairment in every reporting period. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

Gizem Frit;

On January 5, 2015, the Group acquired 100% shares of Gizem Frit. Gizem Frit is a producer of performance coatings and pigments. The products are being used for the decorative and protective purpose in coating of the materials such as metal sheet, stainless steel, aluminium, cast iron, ceramic tile, sanitary ware, porcelain, medical porcelain and glass. Additionally, these materials are being colorized by inorganic pigments which are also manufactured by Gizem Frit. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 "Business Combinations". As a result of the related accounting, a goodwill amounting to TL 50,708,286 is accounted in the consolidated financial statements.

The impairment test is based on a 5-year USD based projection between January 1, 2019 and December 31, 2024. Five-year discount rate used in future cash flow estimations has been determined as 1,5% in the calculation model of the fair value. No impairment has been determined as a result of the analyses carried out by the Group as of December 31, 2019.

Dinox;

Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dinox Handels GmbH ("Dinox") on February 15, 2018 for a consideration of EUR 3,750,000. Dinox mainly sells chemical products produced by Ak-Kim in Europe. The aim of the acquisition of Ak-Kim's subsidiary, Dinox, is to provide more effective sales organization in Europe and increase market share of chemical products manufactured by Ak-Kim, a subsidiary of the Group. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 Business Combinations Standard. As a result of related accounting, goodwill has been accounted amounting to TL 4,876,263 in the consolidated financial statements of Ak-Kim.

The impairment test is based on a 5-year EUR based projection between January 1, 2019 and December 31, 2024. Five-year discount rate used in future cash flow estimations has been determined as 0% in the calculation model of the fair value. No impairment has been determined as a result of the analyses carried out by the Group as of December 31, 2019.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions:	December 31, 2019	December 31, 2018
Provisions for debts and expenses	11,362	7,720
Provision for lawsuits	2,582	5,878
Total	**13,944**	**13,598**

Contingent assets and liabilities:

a) Guarantees received

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for short-term trade receivables are as follows:

	December 31, 2019	December 31, 2018
Insurances on receivables	958,091	883,703
Received mortgages	214,923	218,121
Received notes, guarantee and cheques	126,092	170,575
Received letters of guarantee	121,059	159,001
Share pledges	118,804	-
Confirmed/nonconfirmed letter of credit	25,597	32,615
Limits from direct debit systems	14,599	37,248
Total	**1,579,165**	**1,501,263**

b) Guarantees given

Letters of guarantee, mortgages and letters of credit given by the Group are below:

	December 31, 2019	December 31, 2018
Mortgages given (Note 12)	3,522,575	2,761,467
Letters of credit given	633,304	684,678
Letters of guarantee given	735,530	772,809
Total	**4,891,409**	**4,218,954**

c) Dispute related to port investments of Akport:

Akport, a subsidiary of the Group, took over the right to operate the Tekirdağ Port for 30 years on June 17, 1997 as a result of the Agreement to Transfer the Right to Operate the Tekirdağ Port ("Agreement") signed with Türkiye Denizcilik İşletmeleri A.Ş. ("TDİ") and the Republic of Turkey's Prime Ministry Privatisation Authority ("Privatisation Authority").

Based on its conclusion in its business plans that the Tekirdağ Port would be operationally effective only if it were transformed into a container port, Akport built a container terminal area of 101,820 square metres by filling in the sea along the coast within the coordinates specified in the Tekirdağ Port Instruction as of the date the operation right was acquired. The container terminal area is recognised with a net book value of TL 30,967,453 in the Group's consolidated financial statements as of December 31, 2019.

Following construction of the container port, the Ministry of Finance's General Directorate of National Estate claimed title to the area on which the container platform was located and charged various eviction penalties to Akport. Subsequently, Akport's permission to operate the Tekirdağ Port expired on November 1, 2010. The Undersecretariat for Maritime Affairs did not extend the permission, the reason for the unauthorized use of the port between November 1, 2010 and December 31, 2011 due to the continuation of the activities of Akport Anonim Şirketi in order to prevent the country and the region from being affected by economic difficulties that would not have been caused by this situation and Akport was charged an administrative fine of TL 4,434,000 on the grounds that the port was used without permission. The fine payments are recorded as expense in 2012.

As efforts to obtain the required permission remained fruitless, the situation created legal and penal liabilities for Akport and its officials and events occurring outside of Akport's discretion reached an uncontrollable level. It became impossible to manage the port administratively and legally, which in turn made it impossible to uphold the Agreement between TDİ, the Privatisation Authority and Akport on November 1, 2010.

In the face of these developments, Akport advised the Privatisation Authority on February 6, 2012 that the operational activities were halted and the facility should be taken back over. The response letter sent to Akport by the Privatisation Authority on April 16, 2012 stated that the Privatisation Authority and TDİ were authorised to take actions in line with the decision of the Privatisation Authority relating to the request of Akport, and the Tekirdağ Port began to be operated by TDİ during the course of March 2012. In order to ensure that public services at the port were not interrupted following this transfer, certain services requested by TDİ continued to be offered by Akport until October 2012.

Because the Agreement was terminated due to the impossibility of fulfilling the requirements as specified in the Code of Obligations, the area built for the purpose of transforming the port into a container port should be returned to Akport. Therefore, the valuation study performed in the presence of the Tekirdağ 2nd Civil Court of Peace which indicates the value of container terminal area as TL 78,025,056 and railway and land improvements as 10,049,974 TL. However, as the area constructed by means of filling the sea cannot be returned by means of an ordinary demounting process, Akport claims that Akport should be compensated for the cost of construction of the container port aggregated to TL 88,075,029 and a claim for compensation against Türkiye Denizcilik İşletmeleri was opened. By the judgement of September 15, 2015 (including accrued interest as of December 2017) it is decided to make payment to Akport with the amount of approximately TL 96,045,000 by TDİ.

TDİ filed an action for annulment of this decision; however the Court (Istanbul 13rd Commercial Court of First Instance) gave a decision of non-jurisdiction on March 3, 2016 which also was appealed by TDİ. During the appeal process, in order to come to an amicable agreement, a protocol was signed by the parties on April 20, 2018 for a payment of TL 60,012,046.48. In accordance with this protocol, TDİ, after all relevant deductions, made a payment of TL 58,815,614 to Akport on June 19, 2018. This settlement between the parties was notified to the court file.

The Court of Appeals of the Court of Cassation decided that the cancellation case should be seen in the Regional Court of Justice, and decided to break it off in terms of duty and the decision was notified to Akport on July 25, 2018. The decision of the Supreme Court to quash the decision of the Court of First Instance (Istabul 13th Commercial Court of First Instance) in accordance with the decision of non-jurisdiction was given on November 10, 2018 and the file was sent to the Istanbul Regional Court of Justice in charge of the file and the Istanbul Regional Courthouse Court of the 15th Legal Department December 25, 2018. The decision was made on the date of February 1, 2019.

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Lawsuits from shareholders:

Following Akkök extraordinary general assembly meeting dated October 31, 2013 and ordinary general assembly meeting related to the year ended 2013 dated April 22, 2014 (delayed to and completed on May 23, 2014) certain shareholders began to file numerous lawsuits against the Group.

The lawsuit filed for the annulment of Akkök's Extraordinary General Assembly Meeting dated October 31, 2013, was accepted by the Court of First Instance on October 21, 2015 and as the parties did not appeal to the higher court, became final on November 21, 2015.

Concerning the lawsuits filed for the annulment of Akkök's extraordinary general assembly meetings dated December 23, 2015 and January 14, 2016 and for annulment of Akkök's Board of Directors decision no 4 dated February 24, 2016 regarding the exercise of the shareholder's rights to pay 50% of their share capital commitment, the Court, with an interim decision dated March 28, 2016, rejected the claimants' application for a temporary injunction. In the last hearing on May 24, 2018, the Court, by decisions subject to appeal, dismissed the cases. The applicant has appealed against the aforementioned decisions by the claimant and in the consolidated financial statements no provisions were recognized related to this claim as of December 31, 2019.

NOTE 18 - EMPLOYEE BENEFITS

	December 31, 2019	December 31, 2018
Short term:		
Provision for bonuses	28,798	20,966
Unused vacation provision	6,351	5,343
Subtotal	**35,149**	**26,309**
Long term:		
Provision for employment termination benefits	54,276	40,219
Provision for seniority incentive plan	2,316	1,888
Total	**56,592**	**42,107**

Movements in the short-term provisions for employment termination benefits for the years ended December 31, 2019 and 2018 are as follows:

Provision for bonuses	**2019**	**2018**
1 January	20,966	20,528
Current period charges	28,798	20,966
Bonus premiums paid	(20,966)	(20,528)
December 31	**28,798**	**20,966**

Unused vacation provision	**2019**	**2018**
1 January	5,343	5,342
Charge for the year	1,008	1
December 31	**6,351**	**5,343**

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law's 60th clause which is still effective.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

IAS 19 "Employee Benefits" require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	2019	2018
Discount rate (%)	4.96	6.86
Probability of retirement (%)	84.13-98.25	97.97-98.25

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 6,730.15 effective from January 1, 2020 (January 1, 2019: TL 6,017.60) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provisions for employment termination benefits and seniority incentive bonus for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
January 1	**42,107**	**45,316**
Compensation paid	(8,250)	(9,589)
Service cost	6,664	6,657
Interest cost	4,167	4,260
Actuarial gain/(loss)	11,904	(4,537)
December 31	**56,592**	**42,107**

NOTE 19 - OTHER ASSETS AND LIABILITIES

	December 31, 2019	December 31, 2018
Other current assets:		
VAT receivable	157,541	185,460
Income accruals	1,594	551
Other	2,746	1,854
Total	**161,881**	**187,865**
Other non-current assets:		
VAT receivable	6,933	5,368
Other	655	401
Total	**7,588**	**5,769**
Other current liabilities:		
Taxes and funds payable	7,051	9,963
Restructured tax and other liabilities	3,527	1,017
Expense accruals	76	342
Total	**10,654**	**11,322**
Other non-current liabilities:		
Deposits and guarantees received	13,319	-
Restructured tax and other liabilities	-	149
Total	**13,319**	**149**

NOTE 20 - BORROWINGS

	December 31, 2019	December 31, 2018
Short-term bank borrowings	2,176,602	1,530,692
Short-term factoring and leasing liabilities	19,226	41,063
Subtotal	**2,195,828**	**1,571,755**
Short term portion of long-term bank borrowings	798,402	1,256,016
Financial lease liablities	11,951	-
Total short-term financial liabilities	**3,006,181**	**2,827,771**
Long-term bank borrowings	2,179,393	2,151,568
Financial lease liabilities	73,818	-
Bonds outstanding	33,830	-
Long-term factoring and leasing liabilities	-	16,976
Total long-term financial liabilities	**2,287,041**	**2,168,544**

The details of borrowings of the Group are as follows:

	December 31, 2019		December 31, 2018	
	Weighted average interest rate %	**TL**	**Weighted average interest rate %**	**TL**
Short term bank borrowings:				
USD Loans	2.86-4.77	1,599,301	3.76	1,174,271
EUR Loans	0.66	325,759	0.73	354,049
TL Loans	11.26-25.69	251,542	-	2,372
Total		**2,176,602**		**1,530,692**
Short term factoring payables:				
TL factoring payables		-		378
USD factoring payables		19,226		40,685
Total		**19,226**		**41,063**
Short term portion of long-term bank borrowings:				
USD Loans	4.08-6.27	434,709	5.05	637,500
EUR Loans	2.8-4.6	284,490	3.33	176,629
TL Loans	15.50	79,203	15.16	441,887
Financial lease liabilities	-	11,951	-	-
Total		**810,353**		**1,256,016**
Long-term bank borrowings:				
USD Loans	6.45	1,420,445	5.80	1,289,168
EUR Loans	4.60	669,493	3.78	796,286
TL Loans	15.50	89,455	14.9	66,114
Bonds outstanding	-	73,818	-	-
Financial lease liabilities	-	33,830	-	-
Total		**2,287,041**		**2,151,568**
Long-term factoring payables:				
USD factoring payables		-		16,976
Total		**-**		**16,976**

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Total borrowings as of January 1, 2019	**4,996,315**
Cash inflow from new borrowings obtained	3,678,541
Cash outflows from redemption of borrowings	(4,059,586)
Change in interest accrual	195,642
Change in exchange rate differences	436,532
Financial lease liabilities	45,778
Total borrowings as of December 31, 2019	**5,293,222**

The book value and fair value of the borrowings as of December 31, 2019 and 2018 is as follows:

	December 31, 2019		December 31, 2018	
	Fair Value	**Book Value(*)**	**Fair Value**	**Book Value**
USD borrowings	3,541,128	3,473,760	3,123,821	3,162,940
EUR borrowings	1,201,113	1,157,796	1,362,763	1,322,364
TL borrowings	898,117	615,885	600,517	511,011
Total	**5,640,358**	**5,247,441**	**5,087,101**	**4,996,315**

(*) The balance include the amounts of financial lease liabilities arising under IFRS 16.

The fair values of the borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy.

The repayment schedule of long term bank borrowings is as follows:

	December 31, 2019	December 31, 2018
Within 1 - 2 year	825,030	554,539
Within 2 - 3 year	763,078	540,174
Within 3 - 4 year	259,840	589,283
Over 4 years	439,093	467,572
Total	**2,287,041**	**2,151,568**

At December 31, 2019, bank borrowings with floating interest rates amounts to TL 1,319,470,439 (2018: TL 1,141,808,201). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between London Interbank Offered Rate (Libor) +1.80% and +3.90% (2018: Libor+3.10% and +4.50%).

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2019		December 31, 2018	
	Asset	Liabilities	Asset	Liabilities
Hedging instruments	18,958	76,158	7,730	13,841
Held for trading	7,765	447	9,219	-
Total	**26,723**	**76,605**	**16,949**	**13,841**

Derivatives as hedging instruments:

	December 31, 2019		December 31, 2018	
	Contract amount	Fair value Asset	Contract amount	Fair value Asset
Interest rate swap and forward	262,616	18,758	291,897	7,730

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives hedging derivative financial instruments in the consolidated financial statements. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves" after tax effect.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At December 31, 2019, the fixed interest rates vary from 1.13% to 1.35% for USD (2018: USD -3.15% to 6.36%), and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of December 31, 2019 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

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NOTE 22 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

At December 31, 2019 and 2018, the Group's share capital and shareholding structure exceeding 1% were as follows:

	% Share	December 31, 2019	% Share	December 31, 2018
A.R.D Holding Anonim Şirketi	33	334,483	33	334,483
Atlantik Holding Anonim Şirketi	33	334,483	33	334,483
NDÇ Holding Anonim Şirketi	33	334,482	33	334,482
Other	1	2	1	2
	100	**1,003,450**	**100**	**1,003,450**
Adjustment to share capital		(10,406)		(10,406)
Total Equity		**993,044**		**993,044**

The Group's authorised share capital consists of 100,345,000,000 shares each with TL 0.01 value (2018: 100,345,000,000). There are no privileges given to shares of different groups and shareholders, As of balance sheet date, the paid-in capital is TL 1,003,450.

The share capital, which was increased from TL 13,098,000 to TL 863,378,000 with the decision taken at the extraordinary general meeting dated 23 December 2015, through the addition of the Company's whole internal resources to the capital (only from internal resources) pursuant to Article 462 of the Turkish Commercial Code (TCC) was incresed to TL 1,003,450,000 taken at the extraordinary general assembly meeting held on 23 December 2015, Increased to TL 1,003,450,000 with the decision of capital increase taken at the extraordinary general meeting held on 14 January 2016. All of the guaranteed was paid in cash.

Retained Earnings and Legal Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. In accordance with Turkish Commercial Code, restricted reserves not exceeding 50% of share capital can be offset against accumulated losses, but cannot be distributed.

As of December 31, 2019 and 2018 retained earnings of Akkök its stand alone with statutory financial statements are as follows:

	December 31, 2019	December 31, 2018
Legal reserves	28,179	19,188
Net profit for the period	120,983	180,484
Retained earnings	289,006	118,172
Total	**438,168**	**317,844**

Informations on subsidiaries with significant non-controlling interest

Group subsidiaries with significant non-controlling interest are Akiş, Ak-Kim and Aksa, Summary of the financial information of these subsidiaries are stated below:

December 31, 2019	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/ (loss) for the year
Akiş	85.34%	6,298,886	2,278,434	437,161	549,043
Ak-Kim	58.00%	1,916,973	1,492,165	1,549,938	170,408
Aksa	59.61%	4,255,366	2,661,188	3,645,899	283,039
Total		**12,471,225**	**6,431,787**	**5,632,998**	**1,002,490**

December 31, 2018	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/ (loss) for the year
Akiş	85.34%	5,611,717	1,980,912	396,098	1,029,883
Ak-Kim	58.00%	1,701,052	1,414,889	1,350,321	67,975
Aksa	60.06%	4,249,376	2,748,291	3,537,548	246,143
Total		**11,562,145**	**6,144,092**	**5,283,967**	**1,344,001**

NOTE 23 - REVENUE AND COST OF SALES

a) Revenue

	January 1 - December 31, 2019	January 1 - December 31, 2018
Local sales	3,619,154	3,268,232
Export sales	2,141,995	2,109,411
Less: Sales returns (-)	(17,835)	(18,224)
Less: Sales discounts (-)	(139,626)	(151,702)
Revenues, net	**5,603,688**	**5,207,717**

b) Cost of sales

	January 1 - December 31, 2019	January 1 - December 31, 2018
Raw materials	3,621,209	3,103,499
Personnel expenses	254,215	211,524
Depreciation and amortization expenses	184,351	143,602
Shopping mall costs	83,499	55,486
Other	109,872	353,140
Total	**4,253,146**	**3,867,251**

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NOTE 24 - GENERAL AND ADMINISTRATIVE EXPENSES

a) General administrative expenses

	January 1 - December 31, 2019	January 1 - December 31, 2018
Personnel expenses	87,157	85,302
Consultancy expenses	30,045	36,117
IT and communication expenses	11,014	6,316
Depreciation and amortization expenses	7,454	8,012
Other tax expenses	4,961	6,832
Travelling expenses	4,465	5,444
Office expenses	4,188	3,431
Rent expenses	1,338	4,768
Donations and charities	1,032	1,323
Other	4,694	11,655
Total	**156,348**	**169,200**

b) Marketing expenses

	January 1 - December 31, 2019	January 1 - December 31, 2018
Export expenses	39,292	27,154
Personnel expenses	34,861	23,342
Commission expenses	19,452	32,788
Transportation expenses	17,549	19,927
Depreciation and amortization expenses	6,505	4,437
Travel expenses	6,226	4,644
Advertisement expenses	5,321	6,032
Insurance expenses	2,510	3,694
Rent expenses	821	1,974
Other	15,709	10,102
Total	**148,246**	**134,094**

NOTE 25 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	January 1 - December 31, 2019	January 1 - December 31, 2018
Foreign exchange gain on commercial activities	283,476	821,516
Interest income on credit sales	40,706	35,814
Provisions no longer required	510	2,556
Other	26,525	23,813
Total	**351,217**	**883,699**

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b) Other operating expenses

	January 1 - December 31, 2019	January 1 - December 31, 2018
Foreign exchange loss on commercial activities	210,587	734,682
Interest expense on credit pruchases	12,388	13,617
Impairment expense(*)	11,740	6,981
Provision expenses	36,535	5,204
Other	10,389	16,365
Total	**281,639**	**776,849**

(*) The cost of Çiftehavuzlar land as of December 31, 2019 amounting to TL 75,491,008 is the amount of impairment resulting from the redemption of land to the purchase price of TL 37,069,000.This amount is the amount foreseen within the scope of ongoing legal and administrative processes.

NOTE 26 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES

a) Income from investing activities

	January 1 - December 31, 2019	January 1 - December 31, 2018
Increase in fair value of investment properties	587,964	1,271,970
Gain on sales of fixed assets and investment properties	9,587	32,452
Rent income	4,424	6,859
Dividend income	775	848
Total	**602,750**	**1,312,129**

b) Expense from investing activities

	January 1 - December 31, 2019	January 1 - December 31, 2018
Decrease in fair value of investment properties	9,779	-
Loss on sales of fixed assets	105	-
Impairment of financial assets(*)	-	1,893
Total	**9,884**	**1,893**

(*) The Group has evaluated the financial statements of Ottoman Gayrimenkul, which it has accounted as a long-term financial investment in its financial statements, and since the financial investment has no value, it is expensed in the financial statements.

NOTE 27 - EXPENSES BY NATURE

Expenses classified by nature for the period of December 31, 2019 and 2018 are as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Raw materials	3,421,344	3,130,355
Personnel expenses	391,147	332,455
Depreciation and amortisation expenses	202,570	159,147
Shopping mall costs	61,297	57,172
Other	508,394	515,343
Total	**4,584,752**	**4,194,472**

Personnel expenses	January 1 - December 31, 2019	January 1 - December 31, 2018
Cost of sales	254,215	211,524
General administrative expenses	87,157	85,302
Marketing expenses	34,861	23,342
Research and development expenses	14,914	12,287
Total	**391,147**	**332,455**

NOTE 28 - FINANCIAL INCOME AND EXPENSES

a) Financial income

	January 1 - December 31, 2019	January 1 - December 31, 2018
Foreign exchange gain	601,306	1,457,653
Interest income	91,557	89,115
Gain on derivative financial instruments	14,008	12,284
Gain on share sales	-	18
Total	**706,871**	**1,559,070**

b) Financial expenses

	January 1 - December 31, 2019	January 1 - December 31, 2018
Foreign exchange loss	(922,951)	(2,261,541)
Interest expenses	(294,796)	(238,584)
Loss on derivative financial instruments	(25,158)	(3,509)
Other	(10,195)	-
Total	**(1,253,100)**	**(2,503,634)**
Net financial expense	**(546,229)**	**(944,564)**

NOTE 29 - TAXES ON INCOME

	December 31, 2019	December 31, 2018
Corporate and income taxes payable	78,037	64,182
Less: prepaid corporate income tax	(75,185)	(61,970)
Current income tax liabilities	**2,852**	**2,212**

The details of taxation on income in the statements of comprehensive income for the years ended December 31, 2019 and 2018 are as below:

	December 31, 2019	December 31, 2018
Current income tax expense	(78,037)	(64,182)
Deferred tax expense, net	(4,737)	842
Total tax expense, net	**(82,774)**	**(63,340)**

Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at December 31, 2019 and 2018 using the enacted tax rates is as follows:

			Restated (Note 2.6)	
	Temporary taxable differences		Deferred tax assets / (liabilities)	
	2019	2018	2019	2018
Investment incentives	66,840	55,703	17,788	11,141
Employee benefits	60,350	45,587	12,196	9,556
Trade receivables and provision for doubtful receivables	39,456	6,484	8,680	1,336
Financial lease liability	45,781	-	9,468	-
Other	54,428	18,133	12,861	3,847
Deferred tax assets			**60,993**	**25,880**
Property, plant and equipment and intangible assets	(393,758)	(322,467)	(71,812)	(56,041)
Trade payables	(2,657)	(2,976)	(585)	(655)
Impairment of inventories	(43,161)	-	(9,495)	-
Other	(31,322)	(20,353)	(3,978)	(4,302)
Deferred tax liabilities			**(85,870)**	**(60,998)**
Deferred tax liabilities, net			**(24.877)**	**(35,118)**

Since each subsidiary are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated; however these have not been offset in the consolidated balance sheets. The temporary differences and deferred tax assets and liabilities presented above are based on the gross values and represent the net deferred tax position.

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	December 31, 2019	December 31, 2018
Deferred tax assets	15,687	7,224
Deferred tax liabilities	(40,564)	(42,342)
Deferred tax assets/(liabilities), net	**(24,877)**	**(35,118)**

Movements of deferred tax assets/(liabilities) as at December 31, 2019 and 2018 as below:

	December 31, 2019	December 31, 2018
1 January	**35.118**	**34,136**
Deferred tax income/(expense) recognized in profit or loss for the year, net	4,737	(842)
Amounts recognised in equity	(16,438)	1,300
Currency translation differences	1,460	524
Balances at December 31	**24,877**	**35,118**

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Profit before tax on consolidated financial statements	1.190.481	1,333,068
Expected tax expense of the Group	**(261.906)**	**(293,275)**
Tax rate	**22%**	**22%**
Effect of tax losses for which no deferred tax assets recognized	(959)	(4,570)
Effect of consolidation adjustments	5,854	3,837
Non-deductible expenses	(4,837)	(7,165)
Other income exempt from tax	130,348	198,639
Investment incentives	47,041	12,945
Effect of revaluation	-	21,322
Effect of tax rate change and other	1,684	4,927
Total tax expense, net	**(82,775)**	**(63,340)**

As of balance sheet date, the Group did not recognize deferred income tax assets on carry forward tax losses' of certain subsidiaries, for which amounts and expiration dates are as follows:

Dates of expiry	**December 31, 2019**	**December 31, 2018**
2019	14,817	14,817
2020	5,562	5,562
2021	4,815	4,815
2022	4,258	4,258
2023	20,772	20,772
2024	4,360	-
Total	**54,584**	**50,224**

NOTE 30 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables, trade payables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

30.1 Foreign currency risk

Foreign currency risk is identified by the changes in cash flows and revenues due to changes in foreign currency rates. The Group is exposed to foreign currency risk with the foreign currency transactions of sales, purchases and financial liabilities. In these transactions, USD and EUR are the main currencies. In selected subsidiaries, Akkök, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plan to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at least once a year.

Net foreign currency positions of selected subsidiaries are periodically analysed by Akkök. In order to manage the foreign currency risk, natural hedging is achieved, as practically possible, through balance sheet management. In addition, the Group enters into derivative contracts to manage shorter - term foreign currency risk, where necessary. For longer term management of the risk, the Group considers market conditions and enters into derivative contracts.

As of December 31, 2019, the foreign currency position of the Group is prepared using the following foreign exchange rates USD/TL 5.9402, EUR/TL 6.6506 (2018: USD/TL 5.2609, EUR/TL 6.0280).

Foreign currency position table denominated in Turkish Lira as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets	2,955,024	2,711,451
Liabilities (-)	(6,303,173)	(5,486,686)
Net balance sheet position	**(3,348,149)**	**(2,775,235)**

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements for the Year Ended December 31, 2019
(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

				December 31, 2019
	USD	EUR	Other currencies	Total
Assets:				
Cash and cash equivalents	497,832	428,932	35,601	962,365
Financial investments	473,322	-	-	473,322
Trade receivables	1,038,407	309,201	157,880	1,505,488
Other assets	13,845	2	2	13,849
Total assets	**2,023,406**	**738,135**	**193,483**	**2,955,024**
Liabilities:				
Short-term borrowings	2,053,238	610,649	-	2,663,887
Long-term borrowings	1,420,445	669,493	-	2,089,938
Trade payables	1,222,919	245,303	4,481	1,472,703
Other liabilities	4,653	71,992	-	76,645
Total liabilities	**4,701,255**	**1,597,437**	**4,481**	**6,303,173**
Net foreign currency position	**(2,677,849)**	**(859,302)**	**189,002**	**(3,348,149)**

				December 31, 2018
	USD	EUR	Other currencies	Total
Assets:				
Cash and cash equivalents	860,278	380,740	74,063	1,315,081
Financial investments	34,050	-	-	34,050
Trade receivables	1,006,006	266,566	125	1,272,697
Other assets	86,562	683	2,378	89,623
Total assets	**1,986,896**	**647,989**	**76,566**	**2,711,451**
Liabilities:				
Short-term borrowings	1,852,456	530,678	-	2,383,134
Long-term borrowings	1,306,145	796,286	-	2,102,431
Trade payables	822,462	122,140	825	945,427
Other liabilities	16,162	39,532	-	55,694
Total liabilities	**3,997,225**	**1,488,636**	**825**	**5,486,686**
Net foreign currency position	**(2,010,329)**	**(840,647)**	**75,741**	**(2,775,235)**

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

The table below shows the sensitivity of the net foreign currency position of the Group to the changes in foreign exchange rates as of December 31, 2019 and 2018.

December 31, 2019	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TL by 10%		
USD net assets/liabilities	(267,785)	267,785
Amount hedged for USD risk	84,596	(84,596)
USD net effect - income/ (expense)	**(183,189)**	**183,189**
Change of EUR against TL by 10%		
EUR net assets / liabilities	(85,890)	85,890
Amount hedged for EUR risk	22,848	(22,848)
EUR net effect - income/ (expense)	**(63,042)**	**63,042**

December 31, 2018	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TL by 10%		
USD net assets / liabilities	(201,033)	201,033
USD net effect - income/ (expense)	**(201,033)**	**201,033**
Change of EUR against TL by 10%		
EUR net assets / liabilities	(84,065)	84,065
EUR net effect - income/ (expense)	**(84,065)**	**84,065**

30.2 Interest rate risk

Interest rate risk arises from changes in interest rates of interest bearing liabilities and assets. As the medium and long term borrowings are only available with floating rates in the market the Group is exposed to interest rate risk from time to time. Akkök Holding Anonim Şirketi, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plans to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at once a year. The Group watches markets closely, analyses sensitivity to interest rate changes and the weighted average maturity of liabilities to identify possible changes in costs. As a result of analysis; if necessary, interest rate swaps are used to fix some portion of the floating rate debt liabilities during the term of the loan.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of December 31, 2019 and 2018, the Group's borrowings at floating rates are mainly denominated in USD and EUR.

At December 31, 2019, if interest rates on USD denominated borrowings had been higher/lower by 100 base point with all other variables held constant, profit before income taxes would have been TL 6,316 (2018: TL 4,707) lower/higher, mainly as a result of high interest expense on floating rate borrowings.

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by the management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables

The Fitch rating scores of the banks in which the company has short term time and demand deposits, are within the range of F3-B.

As at December 31, 2019, trade receivables amounting to TL 337,562,185 (2018: TL 514,167,205) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to industry dynamics and circumstances. The Group applies a portion of trade receivables overdue more than one month by interest charge. Aging of past due but not impaired trade receivables at December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Up to 3 months	154,329	362,246
More than 3 months	183,233	151,921
Total	**337,562**	**514,167**

(Amounts in the tables expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Credit risk of financial instruments at December 31, 2019 and 2018 are as follows:

December 31, 2019	Trade and other receivables – Related party	Trade and other receivables – Other	Bank deposits	Stock and bond	Derivative financial assets
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**125,094**	**1,395,263**	**1,781,350**	**48,122**	**26,723**
Secured portion	-	391,204	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	125,094	1,057,003	1,781,350	48,122	26,723
- Secured portion	-	378,123	-	-	-
B. Net book value of financial assets that are past due but not impaired	-	337,562	-	-	-
- Secured portion	-	12,383	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	99,111	-	-	-
- Impairment (-)	-	(98,413)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

December 31, 2018	Trade and other receivables – Related party	Trade and other receivables – Other	Bank deposits	Stock and bond	Derivative financial assets
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**145,173**	**1,520,278**	**1,557,149**	**10,998**	**16,949**
Secured portion	-	526,718	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	145,173	1,005,413	1,557,149	10,998	16,949
- Secured portion	-	460,196	-	-	-
B. Net book value of financial assets that are past due but not impaired	-	514,167	-	-	-
- Secured portion	-	65,824	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	73,484	-	-	-
- Impairment (-)	-	(72,786)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

30.4 Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions. The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over one year column.

December 31, 2019:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	5,293,222	5,873,528	1,334,543	1,792,049	2,441,853	305,083
Trade payables to third parties	1,244,150	1,244,150	943,176	297,849	3,125	-
Due to related parties	62,845	62,845	60,593	2,252	-	-
Total	**6,600,217**	**7,180,523**	**2,338,312**	**2,092,150**	**2,444,978**	**305,083**

Expected (or contractual) maturities	Carrying value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Derivative financial assets, (net)						
Derivative cash outflows	76,605	84,652	15,813	33,621	35,218	-

December 31, 2018:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	4,996,315	6,115,276	1,051,179	1,862,290	2,759,389	442,418
Trade payables to third parties	1,052,454	1,055,430	850,172	201,948	3,310	-
Due to related parties	52,990	52,990	50,740	2,250	-	-
Total	**6,101,759**	**7,223,696**	**1,952,091**	**2,066,488**	**2,762,699**	**442,418**

Expected (or contractual) maturities	Carrying value	Contractual cash flows (=I+II+III+IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Derivative financial assets, (net)						
Derivative cash outflows	13,841	26,889	2,864	7,948	16,077	-

(Amounts in the tables expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

30.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

The ratio of net debt/equity at December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Total liabilities	6,600,217	6,101,759
Less: cash and cash equivalents (Note 5)	(1,356,525)	(1,535,418)
Less: short term financial investments	(474,935)	(35,174)
Net debt	**4,768,757**	**4,531,167**
Total shareholders' equity	6,695,689	5,889,839
Total equity	**11,464,446**	**10,421,006**
Debt/equity ratio (%)	**42**	**43**

30.6 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Monetary assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to approximate their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value with their provisions for doubtful receivables.

Monetary liabilities

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their variable interest rates. The determined fair value of long-term loans to explained on notes, is the discounted amount of cash flows according to agreements with current market interest rate (Note 20).

Fair Value Estimation:

Effective from January 1, 2011, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

Level 1: Quoted 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 is not based on observable market data.

December 31, 2019	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	11,997	-	226
Derivative financial assets	-	26,723	-
Total assets	**11,997**	**26,723**	**226**

December 31, 2018	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	7,790	-	226
Derivative financial assets	-	16,949	-
Total assets	**7,790**	**16,949**	**226**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTE 31 - EVENTS AFTER THE BALANCE SHEET DATE

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Group is in the process of assessing the impact on Group's operations.

Akbatı, Akasya and Akmerkez Shopping Centers, owned by the subsidiary of the Group, Akiş GYO and its associate Akmerkez GYO, closed on March 19, 2020, as part of the fight against the COVID-19 epidemic, which has influenced the whole world and our country. In this context;

In order to continue activities in Akasya and Akbatı Shopping Centers of Akiş GYO, it was decided to set the opening date as June 1, 2020 as a result of the opinions received from tenants. This date may be postponed by the Ministry of Health and the Scientific Committee in case of a negative opinion on the course of the pandemic, which may affect the opening date. In order to maximize the hygiene conditions of shopping malls and minimize risks, various measures have been takes such as, supplying devices that sterilize the hand bands of all escalators in the shopping mall with UV lights, installing devices that will ensure the purification of clean air from all viruses and bacteria to be installed in shopping mall ventilation stations, thermal for shopping mall entrances and placing cameras and instantly limiting the number of people in the shopping mall. In addition, it was decided to share a guide with in-store arrangements with the stores to ensure that all stores meet the same standard under the safest conditions. It has been decided not to receive rent during the period when shopping malls are closed, and to provide rent support for June rent payments, limited to this month, depending on turnover and various criteria, and not exceeding the maximum 50%.

The fair value of a significant portion of the Group's investment properties is determined by the discounted cash flow method. In this context, the effect of COVID-19 on the fair values of the Group's investment properties cannot be reasonably estimated.

Aksa Akrilik Kimya Sanayii A.Ş., a subsidiary of the Group,considering the falling demand due to the COVID-19 epidemic, the production capacity utilization rate has been reduced temporarily by 50%. In accordance with the provisions of the "Regulation on Short Work and Short Work Allowance", he applied for a short work allowance. The production process continues within the framework of existing health and safety measures.

Akcez which are joint ventures of Akkök Holding A.Ş. and Akcez and its subsidiaries' Sedaş and Sepaş, whose details are presented in Note 8, there are certain financial ratios which are required to be met by its ultimate shareholders, Akkök Holding A.Ş. and CEZ, since they are guarantor. Although one of these ratios could not be met as of December 31, 2019, the negotiations were started with the banks before December 31, 2019 and the waiver letter was provided from IFC for the period March 6, 2020 and EBRD on March 5, 2020.

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