ERB İSTANBUL HOLDING A.Ş.

Financial Statements
as at and for the Year Ended
31 December 2018 With
Independent Auditor's Report Thereon

11 September 2020

This report includes 3 pages of independent auditors' report and 29 pages of financial statements together with their explanatory notes.

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INDEPENDENT AUDITORS' REPORT

To the Board of Director of ERB İstanbul Holding Anonim Şirketi

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 September 2018.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

Alper Güvenç, SMMM
Partner

11 September 2020
İstanbul, Turkey

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ERB İSTANBUL HOLDİNG A.Ş.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited	Audited (*)
ASSETS		**31 December 2018**	**31 December 2017**
Current assets		**193,800,501**	**322,449,216**
Cash and cash equivalents	3	180,438,084	322,295,407
Other current assets	4	188,964	153,809
Current tax assets	9	13,173,453	-
Non-current assets		**272,363**	**2,709**
Deferred tax assets	9	272,363	2,709
Total assets		**194,072,864**	**322,451,925**
LIABILITIES AND EQUITY			
Current liabilities		**6,182**	**4,846,515**
Current tax liabilities	9	-	4,831,611
Other current liabilities	4	6,182	14,904
Equity		**194,066,682**	**317,605,410**
Share capital	5	8,696,327	8,696,327
Adjustment to share capital	5	24,789,022	24,789,022
Legal reserves	5	1,739,265	817,034
Retained earnings	5	64,712,456	233,912,188
Net income for the year		94,129,612	49,390,839
Total liabilities and equity		**194,072,864**	**322,451,925**

(*) In accordance with the transition requirements of IFRS 9, the prior period financial statements and notes are not restated.

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

ERB İSTANBUL HOLDİNG A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited	Audited(*)
		1 January – 31 December 2018	1 January – 31 December 2017
CONTINUING OPERATIONS			
Financial income, net	6	114,360,572	61,896,201
Gross profit		**114,360,572**	**61,896,201**
General administrative expenses (-)	7	(178,759)	(157,142)
Other operating income	8	6,498,036	-
Profit before tax from continuing operations		**120,679,849**	**61,739,059**
Tax expense from continuing operations			
- Income tax expense	9	(25,117,960)	(12,348,703)
- Deferred tax income/(expense)	9	(1,432,277)	483
Profit from continuing operations		**94,129,612**	**49,390,839**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Total comprehensive income		**94,129,612**	**49,390,839**
Earnings per share (TL)	**9**	**10.82**	**5.68**

(*) In accordance with the transition requirements of IFRS 9, the prior period financial statements and notes are not restated.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Share capital	Adjustment to share capital	Legal reserves	Retained earnings	Net income for the year	Total equity
1 January 2017	**5**	**8,696,327**	**24,789,022**	**817,034**	**200,340,887**	**33,571,301**	**268,214,571**
Transfers to retained earnings		-	-	-	33,571,301	(33,571,301)	-
Total comprehensive income		-	-	-	-	49,390,839	**49,390,839**
31 December 2017	**5**	**8,696,327**	**24,789,022**	**817,034**	**233,912,188**	**49,390,839**	**317,605,410**
1 January 2018	**5**	**8,696,327**	**24,789,022**	**817,034**	**233,912,188**	**49,390,839**	**317,605,410**
Adjustments to change in accounting policies (*) (**)		-	-	-	*(6,034,118)*	-	*(6,034,118)*
Balances at 1 January 2018 (Adjustment effect) (*)		**8,696,327**	**24,789,022**	**817,034**	**227,878,070**	**49,390,839**	**311,571,292**
Transfers to retained earnings	5	-	-	922,231	48,468,608	(49,390,839)	-
Total comprehensive income		-	-	-	-	94,129,612	**94,129,612**
Dividend paid	5	-	-	-	(211,634,222)	-	**(211,634,222)**
31 December 2018	**5**	**8,696,327**	**24,789,022**	**1,739,265**	**64,712,456**	**94,129,612**	**194,066,682**

(*) Refer to Note 2.4.

(**) In accordance with the transition requirements of IFRS 9, the prior period financial statements and notes are not restated.

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

ERB İSTANBUL HOLDİNG A.Ş.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited	Audited (*)
		1 January - 31 December 2018	**1 January – 31 December 2017**
Cash flows from operating activities:			
Profit for the period		94,129,612	49,390,839
Adjustments for:		**14,630,041**	**8,345,354**
Tax expense	9	26,550,237	12,348,220
Interest income	6	(5,422,160)	(4,002,866)
Provision no longer required	8	(6,498,036)	-
Changes in:		**(43,877)**	**(4,162,105)**
Changes in other assets		(35,155)	(22,247)
Changes in other liabilities		(8,722)	(4,139,858)
Cash generated from operating activities		**108,715,776**	**53,574,088**
Taxes paid		(43,123,024)	(7,517,092)
Net cash from operating activities		**65,592,752**	**46,056,996**
Interest received		5,540,185	4,045,102
Cash inflows from investing activities		**5,540,185**	**4,045,102**
Dividend paid	5	(211,634,222)	-
Cash outflows from financing activities		**(211,634,222)**	**-**
Net (decrease)/increase in cash and cash equivalents		**(140,501,285)**	**50,102,098**
Cash and cash equivalents at the beginning of the year	3	322,093,903	271,991,805
Cash and cash equivalents at the end of the year	**3**	**181,592,618**	**322,093,903**

(*) In accordance with the transition requirements of IFRS 9, the prior period financial statements and notes are not restated.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

ERB İstanbul Holding A.Ş. (the "Company"), (previously named as "EFG İstanbul Holding A.Ş."), was established in April 1997 under the name İleri Yatırım Holding A.Ş.

İleri Yatırım Holding A.Ş. sold to a group of investors, HC Securities & Investment S.A.E., Paulo Zapparoli, Hussein Choucri and Hussein El Sherbiny with a share transfer agreement signed on 28 June 2001. İleri Yatırım Holding A.Ş.'s name was changed to HC İstanbul Holding A.Ş., this change of name was announced in the Official Gazette (no.5448) on 20 December 2001.

The Company was the main shareholder of EFG İstanbul Menkul Değerler A.Ş. (previously named as "HC İstanbul Menkul Değerler A.Ş."). Due to the change in shareholders of HC İstanbul Holding A.Ş. the Company's trade name was changed to EFG İstanbul Holding A.Ş. This change was announced in the Trade Registry Gazette dated 23 May 2005, numbered 6308.

The shares of EFG İstanbul Holding A.Ş. were purchased by Eurobank Ergasias S.A. which became the main shareholder of the Company by the announcement dated 27 August 2007 and numbered 2007/5. The shares of the subsidiary EFG İstanbul Menkul Değerler A.Ş. were purchased by Eurobank Tekfen A.Ş. by the announcement dated 28 September 2007 and numbered 24535.

According to the decision taken in the Board of Directors meeting held on 17 July 2014, the title of the Company was renamed as "ERB İstanbul Holding A.Ş." in the 2nd section of the Articles of Association. The change in title of the Company was approved by Turkish Republic Ministry of Customs and Trade as at 6 June 2015 and by the Ordinary General meeting dated 30 September 2015, the Company's title was changed.

The Company does not have any employees as at 31 December 2018 (31 December 2017: None).

The Company is registered in Turkey at the following address:

Büyükdere Cad. No: 118/8, Floor:8 34394 Esentepe Şişli/İstanbul.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation of financial statements

The Company maintains its books of accounts and prepares its statutory financial statements in Turkish Lira (TL) in accordance with Turkish Accounting Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority; the Turkish Commercial Code; and the Turkish Tax Legislation (collectively, Turkish GAAP).

The accompanying financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

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

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

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018

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

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

IFRIC 23 - Uncertainty over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

Amendments to IFRS 9 - Prepayment features with negative compensation

On 12 October 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS 9.

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

On 12 October 2017, IASB has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 28.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Amendments to IAS 19 - Plan amendment, curtailment or settlement

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 19.

Amendments to IAS 1 and IAS 8 - Definition of Material

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

Amendments to IFRS 3 - Definition of a Business

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

The revised Conceptual Framework (Version 2018)

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018, IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amended "definition of material "was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

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

Amendments to IFRS 3 - Definition of a Business

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

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS 3.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Interest Rate Benchmark Reform, which amended IFRS 9, IAS 39 and IFRS 7 issued in September 2019, added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

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

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

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

All other hedge accounting requirements remain unchanged. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

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

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position.

The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

(a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
(b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
(c) Clarifying how lending conditions affect classification; and
(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Covid-19 related rent concession (Amendments to IFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends IFRS 16 Leases.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.
The Company shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.
The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.
The Company shall apply these amendments for annual periods beginning on or after 1 January 2022with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

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

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

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

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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

Annual Improvements to IFRS Standards 2018–2020

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2018–2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Standards issued but not yet effective and not early adopted as at 31 December 2018 (Continued)

Annual Improvements to IFRS Standards 2018–2020 (Continued)

Improvements to IFRSs

IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the financial statements of the parent, based on the parent's date of transition to IFRS Standards. This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by i)reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:
1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IFRS 3 - Definition of a Business

The application of the amendment to IFRS 3 did not have a significant impact on the financial statements of the Company.
3-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 is not expected to have a significant effect on the financial statements of the Company.
4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the financial statements of the Company.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.3 Comparatives and restatement of prior periods' financial statements

Financial statements of the Company has been prepared comparatively with the prior period. In order to maintain consistency with current year financial statements, comparative information is reclassed and significant changes are disclosed if necessary.

According to IFRS, financial statements should be presented with comparative information from the previous period. As at 31 December 2018, the Company has prepared the statement of financial position, profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow comparatively.

2.4 Summary of significant accounting policies

2.4.1 Offsetting

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

2.4.2 Going concern

The Company prepared the financial statements according to going concern principles.

2.4.3 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and time deposits with maturities less than three months. Time deposits at banks are initially recognized at fair value and then, subsequently measured at amortized cost using the effective interest method. The carrying amount of these assets is close to their fair values.

2.4.4 Financial income and financial expenses

Financial income includes interest income from investments. Interest income is recognized in profit or loss on an accrual basis using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financial income or financial expenses depending on whether foreign currency movements are in a net gain or net loss position.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

2.4.5 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.4.6 Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 10).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

2.4.7 Subsequent events

Subsequent events cover any events which arise between the reporting date and the financial statements sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 14).

2.4.8 Related parties

For the purpose of these financial statements, the shareholders, key management personnel and Board members, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 11).

2.4.9 Deferred tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 9).

2.4.10 Taxation on corporate income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses (Note 9).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

2.4.11 Financial instruments

First time adoption of IFRS 9 "Financial instruments" standard

New standards and interpretations applied IFRS 9 "Financial Instruments" the last version of IFRS 9, issued in 19 January 2017, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from IAS 39 to IFRS 9. The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Company has initially adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. IFRS 9 contains the expected credit risk model that will replace the actual impairment loss model that is currently being used with the requirements for accounting and measurement of financial assets and liabilities and certain non-financial items of purchase or sale contracts. The Company is proceeding according to the simplified approach used for cash and cash equivalents recognized without significant financing while performing the expected credit loss calculations. The Company benefited from an exemption allowing for the reclassification of comparative information on prior periods for changes in classification and measurement (including impairment). Differences in the carrying amount of financial assets and financial liabilities arising from the application of IFRS 9 were recognized in retained earnings as at 1 January 2018.

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

	Impact of adopting IFRS 9 before tax	Tax impact of adopting IFRS 9	Total impact of adopting IFRS 9
Retained earnings			
Recognition of expected credit losses under IFRS 9	(7,736,049)	1,701,931	(6,034,118)
Impact at 1 January 2018	**(7,736,049)**	**1,701,931**	**(6,034,118)**

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

2.4.11 Financial instruments (Continued*)*

Classification and measurement

Classification and measurement of financial assets in accordance with IFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

IFRS 9 contains three basic categories of financial assets: amortized cost (AC), fair value other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the categories of available-for-sale financial assets that are held to maturity, loans and receivables included in the current IAS 39 standard.

The Company accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Company classifies its financial assets at the time of purchase.

"Financial assets measured at amortized cost" are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Company also include "cash and cash equivalents". Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

"Financial assets at fair value through other comprehensive income" are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment losses, gains or losses and exchange rate differences income or expenses.

For investments in equity-based financial assets, the Company may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the income statement.

Under IFRS 9, all investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost value may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost value represents the best estimate of fair value within that range.

"Financial assets at fair value through profit or loss" are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the income statement.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

2.4.11 Financial Instruments (Continued)

Classification and measurement (Continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Classification according to IAS 39	Book value according to IAS 39	IFRS 9 classification effect	IFRS 9 valuation effect	Book value according to IFRS 9
		31 December 2017		1 January 2018	
Financial assets					
Cash and cash equivalents	Loans and receivables	322,295,407	(7,736,049)	314,559,358	Amortized cost

Accounting policies applied before 1 January 2018

Loans and receivables

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

2.4.12 Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. In this context, it has been necessary to evaluate how the economic factors that will be determined by weighting according to the probabilities of realization affect the ECLs. The new impairment model is applied to financial assets at fair value through other comprehensive income or measured at amortized cost (other than investments in equity instruments) and contract assets. The financial assets at amortized cost consist of cash and cash equivalents.

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

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

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

The Company has elected to measure loss allowances for cash and cash equivalents at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

2.4.12 Impairment of financial assets (Continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

• The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

Impact of the new impairment model

As at 1 January 2018, the effect of impairment allowance under IFRS 9 is as follows:

Loss allowance as at 31 December 2017 under IAS 39	**-**
Additional impairment recognized at 1 January 2018 on:	*7,736,049*
- Cash and cash equivalents	7,736,049
Loss allowance as at 1 January 2018 under IFRS 9	**7,736,049**

2.4.13 Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new condition.

2.5 Significant accounting estimates and assumptions

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as at the financial statements date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - CASH AND CASH EQUIVALENTS

As at 31 December 2018 and 31 December 2017, cash and cash equivalents are as follows:

	31 December 2018	31 December 2017
Banks		
Time deposits (*)	177,587,987	316,085,000
Demand deposits	2,850,097	6,210,407
Cash and cash equivalents on statement of financial position	**180,438,084**	**322,295,407**
Interest accruals	(83,479)	(201,504)
12 months expected credit loss allowance	1,238,013	
Cash and cash equivalents on statement of cash flows	**181,592,618**	**322,093,903**

As at 31 December 2018, the Company calculated an expected credit loss allowance amounting to TL 1,238,013 for cash and cash equivalents amounting to TL 180,438,084 under IFRS 9.

As at 31 December 2018 and 31 December 2017, the details of time deposits are as follows:

	31 December 2018			31 December 2017		
Currency	Amount (TL)	Effective interest rate (%)	Maturity date	Amount (TL)	Effective interest rate (%)	Maturity date
TL	999,080	22.34	1 January 2019	-	-	-
EUR	176,588,907	1.30	21 January 2019	316,085,000	1.30	15 March 2018
Total	**177,587,987**			**316,085,000**		

NOTE 4 - OTHER ASSETS AND LIABILITIES

As at 31 December 2018 and 31 December 2017, other current assets are as follows:

	31 December 2018	31 December 2017
Transfering value added taxes receivables ("VAT")	186,012	153,726
Advances given to suppliers	2,952	83
	188,964	**153,809**

As at 31 December 2018 and 31 December 2017, other current liabilities are as follows:

	31 December 2018	31 December 2017
Taxes and duties payable	5,802	987
Expense accruals	380	13,917
Current income tax liabilities (Note 9)	-	4,831,611
	6,182	**4,846,515**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - SHAREHOLDER'S EQUITY

Share capital

The share capital of the Company is TL 8,696,327 (31 December 2017: TL 8,696,327) and consists of 8,696,327 (31 December 2017: 8,696,327) authorized shares with a nominal value of TL1 each.

At 31 December 2018 and 2017 the issued and fully paid-in share capital held is as follows:

	31 December 2018		31 December 2017	
Shareholders	**Amount (TL)**	**Share (%)**	**Amount (TL)**	**Share (%)**
Eurobank Ergasias S.A.	8,696,323	9.999995	8,696,323	9.999995
Other	4	0.00005	4	0.00005
	8,696,327	**100**	**8,696,327**	**100**
Adjustment to share capital	24,789,022		24,789,022	
Total paid-in share capital	**33,485,349**		**33,485,349**	

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments.

Legal reserves

	31 December 2018	31 December 2017
Legal reserves	1,739,265	817,034
	1,739,265	**817,034**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Retained earnings

	31 December 2018	31 December 2017
Retained earnings	64,712,456	233,912,188
	64,712,456	**233,912,188**

As at 23 November 2018, the Company decided to distribute dividends to the shareholders amounting to TL 211,634,222.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 - FINANCIAL INCOME/(EXPENSES), NET

For the years ended 31 December 2018 and 31 December 2017, the details of financial income/expenses are as follows:

Financial income, net	1 January – 31 December 2018	1 January – 31 December 2017
Foreign exchange gain/(loss), net	108,938,412	57,893,335
Interest income from time deposits	5,422,160	4,002,866
	114,360,572	**61,896,201**

NOTE 7 – GENERAL ADMINISTRATIVE EXPENSES

For the years ended 31 December 2018 and 31 December 2017, the details of general administrative expenses:

	1 January – 31 December 2018	1 January – 31 December 2017
Consultancy fees	142,405	101,637
Other	36,354	55,505
	178,759	**157,142**

NOTE 8- OTHER OPERATING INCOME

For the years ended 31 December 2018 and 31 December 2017, the details of other operating income are as follows:

	31 December 2018	31 December 2017
Provision no longer required (*)	6,498,036	-
	6,498,036	**-**

(*) Provision no longer required account consists reversal of ("expected credit loss") balance.

NOTE 9 - TAX ASSETS AND LIABILITIES

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IAS and its statutory tax financial statements. These temporary differences are generally due to income and expense recorded in different reporting periods according to IFRS and Tax Laws.

For the years ended 31 December 2018 and 31 December 2017, the details of tax (asset)/ liability are as follows:

	31 December 2018	31 December 2017
Corporate tax payable	25,117,960	12,348,703
Prepaid taxes	(38,291,413)	(7,517,092)
Tax (asset)/liability, net	**(13,173,453)**	**4,831,611**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

For the years ended 31 December 2018 and 31 December 2017, the details of tax expenses in profit or loss are as follows:

	1 January – 31 December 2018	1 January – 31 December 2017
Income tax expense	25,117,960	12,348,703
Deferred tax expense/(income)	1,432,277	(483)
Total tax expense	**26,550,237**	**12,348,220**

The total provision for taxes on income is different than the amount computed by applying the statutory tax rate to profit before provision for taxes as shown in the following reconciliation for the years ended 31 December 2018 and 31 December 2017:

	1 January – 31 December 2018	1 January – 31 December 2017
Profit before tax	**120,679,849**	**61,739,059**
Income tax charge at effective tax rate	26,549,567	12,347,812
Additions	670	408
Current year tax expense	**26,550,237**	**12,348,220**

For the year ended 31 December 2018, effective tax rate is 22.00% (31 December 2017: 20.00%).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid 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.

According to the provisional Article 10 of the Law No, 7061 of 5 December 2017, numbered 30261, "Amendments to Certain Tax Laws and Some Other Laws" and the Law No, 5520 on Corporate Income Tax Law, it is foreseen that the corporation tax that should be paid over the profits of the tax years 2018, 2019 and 2020 will be calculated as 22% and the tax will be continued with 20%. During this period, the Council of Ministers was given the authority to reduce the rate of 22% to 20%.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The financial statements of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back in order to net-off accumulated gains.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

The Company calculates deferred tax assets and liabilities considering the effects of the temporary differences arising from the different valuations between the IFRS and the tax financial statements of the financial statements sheet items. As 22% corporation tax came into force with the "Law on the Amendment of Certain Tax Laws and Other Certain Other Laws" numbered 7061, 22% is used for the temporary differences which are likely to be recovered in 2019 and 2020, and 20% is used for the part which are likely to be recovered after 2020 in the calculation of deferred tax while preparing the 31 December 2018 financial statements (31 December 2017: 20%).

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

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as at 31 December 2018 and 2017 calculated using the enacted tax rates, are as follows:

	Total temporary differences		Total temporary differences	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Expense accruals	-	13,547	-	2,709
Expected credit loss (IFRS 9)	1,238,013		272,363	
Deferred tax assets	**1,238,013**	**13,547**	**272,363**	**2,709**
Deferred tax liabilities	**-**	**-**	**-**	**-**
Deferred tax assets, (net)	**1,238,013**	**13,547**	**272,363**	**2,709**

For the years ended 31 December 2018 and 31 December 2017, the movements of net deferred tax assets/(liabilities) during the year are as follows:

	1 January – 31 December 2018	1 January – 31 December 2017
Opening balance - 1 January	2,709	2,226
IFRS 9 opening adjustment	1,701,931	-
Charge to the statement of income	(1,432,277)	483
Ending balance - 31 December	**272,363**	**2,709**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 - EARNINGS PER SHARE

Earnings per share are calculated through division of net profit to weighted average number of shares.

	1 January – 31 December 2018	**1 January – 31 December 2017**
Profit attributable to equity holders of the Company	94,129,612	49,390,839
Weighted average number of ordinary shares in issue	8,696,327	8,696,327
Earnings per share (TL)	**10.82**	**5.68**

NOTE 11 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018(*)	**31 December 2017**
Bank deposits due from related parties		
Eurobank Private Bank Luxemburg S.A.	179,436,965	322,216,378
	179,436,965	**322,216,378**

(*) The amount includes ("expected credit loss") amounting to TL 1,237,093.

b) For the years ended 31 December 2018 and 31 December 2017, interest income from related parties are as follows:

	1 January – 31 December 2018	**1 January – 31 December 2017**
Interest income from related parties		
Eurobank Private Bank Luxemburg S.A.	4,290,807	4,002,866
	4,290,807	**4,002,866**

c) Salaries and other benefits paid to the Board of Directors and top management:

Total salaries and benefits paid to members of the Board of Directors and other top management amount does not exist (1 January - 31 December 2017: None).

NOTE 12 - FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

i. Information on credit risk

The Company's credit risk is primarily attributable to bank deposits. The amounts presented in the financial statementsare net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

NOTE 12 - FINANCIAL RISK MANAGEMENT (Continued)

As at 31 December 2018, credit risk exposure of the Company in terms of financial instruments are as follows:

	Receivables				**Cash and cash equivalents**	
	Trade receivables		**Other receivables**			
31 December 2018	**Related party**	**Other**	**Related party**	**Other**	**Deposit at banks**	**Reverse repo receivables**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)	**-**	**-**	**-**	**-**	**180,438,084**	**-**
-Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	-	-	-	181,676,097	-
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
D. Off statement of financial position items with credit risk	-	-	-	-	-	-
E. Lifetime expected credit loss	-	-	-	-	-	-
F. 12 months expected credit loss	-	-	-	-	(1,238,013)	-

NOTE 12 - FINANCIAL RISK MANAGEMENT (Continued)

As at 31 December 2017, credit risk exposure of the Company in terms of financial instruments are as follows:

	Receivables				**Cash and cash equivalents**	
	Trade receivables		**Other receivables**			
31 December 2017	**Related party**	**Other**	**Related party**	**Other**	**Deposit at banks**	**Reverse repo receivables**
Exposure to maximum credit risk as at reporting date (A+B+C+D)	**-**	**-**	**-**	**-**	**322,295,407**	**-**
-Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	-	-	-	322,295,407	-
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
D. Off statement of financial position items with credit risk	-	-	-	-	-	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 - FINANCIAL RISK MANAGEMENT (Continued)

For the purposes of the table above, collaterals and other guarantees which increase the collectability of the financial asset are not taken into account.

ii. Information on liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Company manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The Company does not have any derivative or other financial liabilities.

iii. Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Company at 31 December 2018 and 2017 in original currency and total TL equivalents are as follows:

	31 December 2018		31 December 2017	
	TL equivalent	**Euro**	**TL equivalent**	**Euro**
Cash and cash equivalents	179,353,486	29,753,398	322,216,378	71,357,851
Total assets	**179,353,486**	**29,753,398**	**322,216,378**	**71,357,851**
Other liabilities (-)	-	-	13,547	3,000
Total liabilities (-)	**-**	**-**	**13,547**	**3,000**
Net foreign currency position	**179,353,486**	**29,753,398**	**322,202,831**	**71,354,851**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis

31 December 2018

	Profit/loss		Shareholder's equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in EUR foreign currency rate				
EUR net asset/(liability)	17,935,349	(17,935,349)	17,935,349	(17,935,349)
Hedged portion against EUR risk (-)	-	-	-	-
Net effect of EUR	**17,935,349**	**(17,935,349)**	**17,935,349**	**(17,935,349)**
Total foreign currency effect	**17,935,349**	**(17,935,349)**	**17,935,349**	**(17,935,349)**

31 December 2017

	Profit/loss		Shareholder's equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in EUR foreign currency rate				
EUR net asset/(liability)	32,220,283	(32,220,283)	32,220,283	(32,220,283)
Hedged portion against EUR risk (-)	-	-	-	-
Net effect of EUR	**32,220,283**	**(32,220,283)**	**32,220,283**	**(32,220,283)**
Total foreign currency effect	**32,220,283**	**(32,220,283)**	**32,220,283**	**(32,220,283)**

NOTE 13 - FINANCIAL INSTRUMENTS

Fair value of the 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 Company 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 Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets:

It is estimated that the fair values and carrying amount of the cash and cash equivalents is close to each other, since it has short term maturities.

NOTE 14- SUBSEQUENT EVENTS

The Covid-19 outbreak that is declared by the World Health Organisation to be pandemic on 11 March 2020 spread across the globe and Turkey and preventive actions that have been taken into place to respond the outbreak and causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. The Company does not expect that the economic effect of this outbreak will have significant impact on the financial position or performance of the Company which could impact recoverability of its assets according to the assessments as at the reporting date. The Company Management is continuing to assess the future potential impact on the operations and financial statements of the Company resulting from the aforementioned situation.

"Provisional Article 13" is added to the Turkish Commercial Code numbered 6102 with the Law on Reducing the Effects of the New Coronavirus (Covid-19) Outbreak on Economic and Social Life and Law Amending Some Laws numbered 7244 published in the Official Gazette dated 17 April 2020 and numbered 31102.

In accordance with the provisional article, it is decreed for companies that, only 25% of net profit for the year 2019 could be paid until 30 September 2020, retained earnings and free reserves would not be distributed and general assembly would not authorise the board of directors to pay any advance dividends. The duration of these limitations and restrictions may be extended or shortened for three months by the decision of the President. Ministry of Trade is authorised to determine the exceptions on the provisional article for the companies by consulting with the Ministry of Treasury and Finance. Since this regulation is effective on the date of, excluding exceptions determined by the Ministry of Trade's, companies shall comply with this provision for the dividend distribution decisions and to determine the dividend amount to be distributed.

Between 31 December 2019 and 11 September 2020, the date when the financial statements were approved, the Turkish Lira was significantly depreciated against major foreign currencies. This depreciation was 43% against the US Dollar and 47% against the Euro.