Gentaş Genel Metal Sanayi ve Ticaret A.Ş.

1 January-31 December 2019
Consolidated Financial Statements and
Independent Auditors' Report

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors
Gentaş Genel Metal Sanayi ve Ticaret Anonim Şirketi

A. Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gentaş Genel Metal Sanayi ve Ticaret Anonim Şirketi ("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 profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. 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 Code of Ethics published by the Public Oversight Accounting and Auditing Standards Authority. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

While not affecting our views, we would like to draw your attention to the following:

As of 31 December 2019, The Group has accounted for allowance of trade receivables from 4K Grup Yapı ve Orman Ürünleri İnş. San. ve Tic. A.Ş. (related party), which has slow collection rate amounting TL 6.014.836 (The amount as of 31 December 2018 was TL 7.750.202 and not expensed).

YEDİTEPE Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

PRAXITY Empowering Business Globally

Key Audit Matters

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

Key Audit Matters	How the Matter is Handled
Transactions with related parties The Group has intensive business transactions with non-publicly traded parties in the ordinary course of business. Commercial transactions mainly consist of purchases and sales of major business activities, real estate and share purchase and sale. Group's significant chemical raw materials are obtained from Gentaş Kimya Sanayi A.Ş. with a share of 14.50%. The Group sells its assets to its related parties with the same governing authority. For this reason, transactions with related parties are an important issue in terms of our control.	Our audit procedures of transactions with related parties with the usual procedures includes; test of whether or not the transactions with related parties occurs in the normal course of business, in the normal market conditions, test of est of whether or not the transactions with related parties occurs in the similar conditions with similar transactions with unrelated parties, test of the fair value of tangible assets and shares which was bought or sold from/to related parties The transactions with related parties are explained in Note 5.
Revenue The revenue generated by the group at a time is principally composed of laminate and werzalit products. Revenue is recognized when the control of products is transferred to the client. The information about the revenue is disclosed in Note 25. Due to the fact that over-time revenue is one of the Group's core business volume and size indicators, implementation of related accounting standards is complex and includes management estimates and judgements, this issue has been considered to be a key audit matter.	Our audit procedures included, in addition to others, the following; Controlling suitability of the accounting policy of the Group for the revenue recognition is valued. Examining that management reflected revenue from sales in the correct period in the financial statements . Performing control tests and test of details for the revenue Sending confirmations letters to the important customers Analytical review of monthly and yearly sales

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In independent audit, the responsibilities of us as independent auditors are as follows:

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

As part of an audit in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority, 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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 remain solely responsible for our audit opinion.

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

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

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

B. Reports on Independent Auditor's Responsibilities Arising from Other Regulatory Requirement

1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Parent Company's Board of Directors on 6 March 2020.

2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Parent Company's bookkeeping activities for the period 1 January – 31 December 2019 is not in compliance with the code and provisions of the Parent Company's articles of association in relation to financial reporting.

3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Mehmet Nadi Abbasoğlu is the auditor responsible for conducting and finalizing this independent audit.

Yeditepe Bağımsız Denetim ve YMM A.Ş.
(Associate member of PRAXITY AISBL)

Mehmet Nadi Abbasoğlu
Partner
Istanbul, 6 March 2020

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GENTAŞ GENEL METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2019

(Currency in Turkish Lira ("TL") unless otherwise stated)

		Audited	
ASSETS	**Note**	**31 December 2019**	**31 December 2018**
Current Assets		**259.239.827**	**236.796.541**
Cash and Cash Equivalents	6	44.946.566	29.391.554
Financial Investments	7	830	691
Trade Receivables			
- Due From Related Parties	5-9	3.486.589	23.803.312
- Due From Third Parties	9	55.583.230	51.890.883
Other Receivables	10	9.375.078	5.049.530
Inventories	11	128.097.688	116.344.083
Prepaid Expenses	12	6.238.577	3.282.859
Current Tax Related Assets	13	150.036	184.047
Other Current Assets	23	7.375.975	5.267.049
Subtotal		***255.254.569***	***235.214.008***
Assets Held for Sale	3	3.985.258	1.582.533
Non-Current Assets		**127.080.298**	**138.365.933**
Trade Receivables			
- Due From Related Parties	5	--	756.050
Other Receivables	10	41.813	41.993
Financial Investments	7	71.895	7.635
Investment in Equities	14	32.872.761	41.723.819
Investment Property	15	14.180.252	18.472.872
Tangible Assets	16	74.759.819	74.669.029
Intangible Assets			
- Goodwill	18	942.792	942.792
- Other Intangible Assets	17	1.445.130	618.884
Defferred Tax Assets	31	2.765.836	1.132.859
TOTAL ASSETS		**386.320.125**	**375.162.474**

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

(Convenience translation of a report and financial statements originally issued in Turkish)

GENTAŞ GENEL METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2019

(Currency in Turkish Lira ("TL") unless otherwise stated)

		Audited	
LIABILITIES	**Note**	**31 December 2019**	**31 December 2018**
Current Liabilities		**85.367.917**	**80.470.741**
Short-Term Borrowings	8	8.271.918	23.842.748
Short-Term Portion of Long-Term Borrowings	8	7.431.430	11.911.970
Trade Payaybles			
- Due to Related Parties	5-9	8.032.049	7.763.307
- Due to Third Parties	9	38.452.939	21.851.830
Emplyoee Benefit Obligations	19	5.149.909	3.550.170
Other Payables			
- Due to Related Parties	5-10	374.015	353.985
- Due to Third Parties	10	1.071.523	192.263
Deferred Income	12	9.353.960	7.055.314
Income Tax Payable	31	1.100.735	85.293
Short-Term Provisions			
- Employee Benefits	20	2.943.516	2.333.651
Other Liabilities	23	3.185.923	1.530.210
Non-Current Liabilities		**19.384.327**	**23.384.161**
Long-Term Borrowings	8	13.692.929	19.039.160
Other Payables		107	107
Other Long Term Liabilities	23	298.251	--
Provision for Employee Termination Benefits	22	5.393.040	4.344.894
EQUITY		**281.567.881**	**271.307.572**
Total Equity Attributable to Parent		**231.490.069**	**235.704.879**
Paid-in Share Capital	24	145.000.000	118.800.000
Cross Shareholding Adjustment	24	(9.216.334)	(3.490.546)
Other Comprehensive Income Items not to be Reclassified to Profit or Loss			
- Actuarial loss arising from employee benefits	24	(1.336.699)	(603.070)
Other Comprehensive Income Items to be Reclassified to Profit or Loss			
- Foreign currency translation reserve	24	3.049.663	2.746.351
Effect of Business Combination Under Common Control	24	4.544.333	2.357.438
Restricted Reserves	24	21.025.360	15.601.070
Retained Earnings	24	57.552.538	58.839.188
Net Profit for the Year		10.871.208	41.454.448
Non-Controlling Interests	24	**50.077.812**	**35.602.693**
TOTAL EQUITY AND LIABILITIES		**386.320.125**	**375.162.474**

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

(Convenience translation of a report and financial statements originally issued in Turkish)

GENTAŞ GENEL METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

(Currency in Turkish Lira ("TL") unless otherwise stated)

		Audited	
	Note	**1 January – 31 December 2019**	**1 January – 31 December 2019**
Profit or Loss			
Sales	25	395.668.950	425.026.119
Cost of Sales (-)	25	(322.015.208)	(317.378.925)
Gross Profit		**73.653.742**	**107.647.194**
Marketing, Sales and Distribution Expenses (-)	26	(27.597.672)	(24.526.411)
General Administrative Expenses (-)	26	(23.986.004)	(18.979.707)
Research and Development Expenses (-)	26	(1.519.764)	(1.224.036)
Other Operating Income	28	17.721.268	46.956.704
Other Operating Expense (-)	28	(17.367.745)	(48.413.371)
Operating Profit		**20.903.825**	**61.460.373**
Profit from Equity Investment	14	1.851.973	7.302.010
Income from Investing Activities		2.729.288	6.880.141
Expense from Investing Activities (-)	29	(1.760.380)	(303.184)
Operating Profit Before Financial Expenses		**23.724.706**	**75.339.340**
Financial Expenses (-)	30	(9.661.587)	(19.015.866)
Profit before tax		**14.063.119**	**56.323.474**
Tax expense		**(2.640.112)**	**(8.069.856)**
- Current tax expense	31	(3.481.607)	(8.526.072)
- Deferred tax income/ (expense)	31	841.495	456.216
Profit for the year		**11.423.007**	**48.253.618**
Earnings per 100 Share	32	**0,075**	**0,286**
Distribution of Net Income for the Year			
Non-controlling Interests		551.799	6.799.170
Attributable to Parent		10.871.208	41.454.448
Other Comprehensive Income / (Expense)			
Other comprehensive income items not to be reclassified to profit or loss			
- Actuarial loss from employee benefits		(593.039)	(1.040.628)
- Tax effect of actuarial loss from employee benefits		118.608	208.126
- Other comprehensive from investment in equities		(42.063)	(77.530)
- Foreign currency translation reserve		303.312	1.452.390
Other Comprehensive Income / (Expense)		**(213.182)**	**542.358**
Total Comprehensive Income		**11.209.825**	**48.795.976**
Distribution of Total Comprehensive Income			
Non-controlling Interests		768.934	6.732.390
Attributable to Parent		10.440.891	42.063.586

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

(Convenience translation of a report and financial statements originally issued in Turkish)

GENTAŞ GENEL METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(Currency in Turkish Lira ("TL") unless otherwise stated)

	Paid in Capital	**Cross Shareholding Adjustment**	**Other Gains**	**Foreign Currency Translatio n Reserve**	**Effect of Business Combination Under Common Control**	**Restricted Reserves**	**Retained Earnings**	**Net profit for the Year**	**Total Equity Attributable to Parent**	**Non-Controlling Interests**	**Total Equity**
Balance at 1 January 2018	**110.000.000**	**(3.874.425)**	**240.182**	**1.293.961**	**2.357.438**	**10.361.507**	**49.313.391**	**31.242.377**	**200.934.431**	**29.590.259**	**230.524.690**
Transfer to restricted reserves	--	--	--	--	--	5.239.563	--	(5.239.563)	--	--	--
Dividend paid (Note 24)	--	--	--	--	--	--	--	(7.831.587)	**(7.831.587)**	(719.956)	**(8.551.543)**
Sale of subsidiary's shares	--	642.438	--	--	--	--	154.570	--	**797.008**	--	**797.008**
Capital increase	8.800.000	(258.559)	--	--	--	--		(8.800.000)	**(258.559)**	--	**(258.559)**
Transfer to retained earnings	--	--	--	--	--	--	9.371.227	(9.371.227)	--	--	--
Total comprehensive income	--	--	(843.252)	1.452.390	--	--	--	41.454.448	**42.063.586**	6.732.390	**48.795.976**
Balance at 31 December 2018	**118.800.000**	**(3.490.546)**	**(603.070)**	**2.746.351**	**2.357.438**	**15.601.070**	**58.839.188**	**41.454.448**	**235.704.879**	**35.602.693**	**271.307.572**
Balance at 1 January 2019	**118.800.000**	**(3.490.546)**	**(603.070)**	**2.746.351**	**2.357.438**	**15.601.070**	**58.839.188**	**41.454.448**	**235.704.879**	**35.602.693**	**271.307.572**
Transfer to restricted reserves	--	--	--	--	--	5.512.665	--	(5.512.665)	--	--	--
Dividend paid (Note 24)	--	--	--	--	--	--	--	(9.851.557)	**(9.851.557)**	(695.250)	**(10.546.807)**
Cross Shareholding Adjustment	--	(348.000)	--	--	--	--	(215.163)	--	**(563.163)**		**(563.163)**
Capital increase	26.200.000	(769.801)	--	--	--	--	--	(26.200.000)	**(769.801)**	--	**(769.801)**
Transfer to retained earnings	--	--	--	--	--	--	(109.774)	109.774	--	--	--
Effect of Business Combination Under Common Control (Note 36)	--	(4.607.987)	--	--	2.186.895	(88.375)	(961.713)	--	**(3.471.180)**	14.401.435	**10.930.255**
Total comprehensive income	--	--	(733.629)	303.312	--	--	--	10.871.208	**10.440.891**	768.934	**11.209.825**
Balance at 31 December 2019	**145.000.000**	**(9.216.334)**	**(1.336.699)**	**3.049.663**	**4.544.333**	**21.025.360**	**57.552.538**	**10.871.208**	**231.490.069**	**50.077.812**	**281.567.881**

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

(Convenience translation of a report and financial statements originally issued in Turkish)

GENTAŞ GENEL METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(Currency in Turkish Lira ("TL") unless otherwise stated)

	Note	31 December 2019	31 December 2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**44.899.764**	**39.269.762**
Profit (Loss)		11.423.007	48.253.618
Adjustments to Reconcile Profit (Loss)		25.681.962	22.818.557
Adjustments for depreciation and amortisation expense	27	10.045.741	8.602.477
Adjustments for impairment loss (reversal of impairment loss)		4.614.697	10.093.101
Adjustments for (reversal of) provisions		3.408.003	1.393.747
Adjustments for interest income		5.317.745	6.749.600
Adjustments for undistributed profits of investments accounted for using equity method	14	1.851.973	7.302.010
Adjustments for tax (income) expense	31	2.640.112	8.069.856
Other adjustments to reconcile profit (loss)		1.507.637	(4.788.214)
Changes in Working Capital		**13.468.833**	**(21.164.868)**
Adjustments for decrease (increase) in trade accounts receivable		12.153.944	13.182.114
Adjustments for decrease (increase) in other receivables related with operations		(4.325.368)	114.073
Adjustments for decrease (increase) in inventories		(12.047.762)	(19.445.077)
Decrease (increase) in prepaid expenses		(2.955.718)	275.078
Adjustments for increase (decrease) in trade accounts payable		17.195.872	(15.782.944)
Adjustments for increase (decrease) in other operating payables		899.290	(158.843)
Increase (decrease) in deferred income		2.298.646	(198.865)
Other adjustments for other increase (decrease) in working capital		249.929	849.596
Cash Flows from (used in) Operations		**50.573.802**	**49.907.307**
Payments related with provisions for employee benefits	22	3.228.209	773.801
Income taxes refund (paid)		2.466.165	9.863.744
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(5.416.886)**	**(13.263.723)**
Purchase of investments accounted for using equity Method		(1.985.000)	(815.000)
Proceeds from of sale of share in other investments		(64.399)	881.904
Proceeds from sales of property, plant, equipment and intangible assets		10.277.114	6.728.836
Purchase of Property, Plant, Equipment and Intangible Assets		15.616.317	20.790.360
Dividends received	14	1.453.439	341.176
Other inflows (outflows) of cash		518.277	389.721
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(24.210.842)**	**(11.456.211)**
Proceeds from borrowings		41.398.893	46.575.135
Repayments of borrowings		55.062.928	49.479.803
Dividends Paid		10.546.807	8.551.543
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		15.251.700	14.549.828
Effect of exchange rate changes on cash and cash equivalents		303.312	1.452.390
Net increase (decrease) in cash and cash equivalents		15.555.012	**16.002.218**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**29.391.554**	**13.389.336**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**44.946.566**	**29.391.554**

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

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

Gentaş Genel Metal San. ve Tic. A.Ş. (the "Company") was established in 1972 and its main area of activity is the production and sale, using the license of WERZALIT Company from Germany, of table sheets, school desks, chair seats and back pieces, structural sections, impregnated board and laminate.

The company is registered in Mengen- Bolu, and its head office is located at the address Dolantı Sokak No: 21 Siteler / Ankara.

The Company is registered with the Capital Markets Board (CMB) and its shares have been quoted on the Istanbul Stock Exchange (ISE) since 1990.

The ultimate parent and controlling party of the Company is the members of Kahraman Family.

The areas of activity of the investment in equities and subsidiaries of the Company (altogether shall be referred to as the "Group") are specified as follows:

Subsidiaries;

GBS Gentaş Bolu Lam.Lif Levha Entegre Ağaç.San.A.Ş.("GBS Gentaş"): In consequence of privatization, the company has merged into Group on the date of 9 August 2000. The registered head office address of the Company is at Mudurnu way 5. Km. Doğancı Köyü Bolu Turkey. The Company's main area of activity is the production of HPL plate, laminate and impregnated paper.

Genmar Orman Ürünleri Dağıtım Pazarlama San. Tic. Inc. ("Genmar Orman"): The main field of activity of Genmar Orman, which was established on 14 February 2000, is the import and sale of different products needed by the furniture and building industry. Genmar Orman also the HPL and CPL decorative laminate produced by the Group, the HPL laminates and compact indoor and outdoor use werzalit products, realizes the storage and sales in different regions of Turkey. The company merged with Genmar Yapı on 17 December 2019 and its legal entity ended (Note 36).

Gentas Italy SRL ("Gentas Italy"): Turin was established in Italy in May 2014 with a capital of 10,000 Euros to support the Company's growth in the European market. Following the establishment of Gentas Italy, Liri Industriale S.P.A., one of the first laminate producers in Italy, acquired its assets (production facility, stock, brand) in 2015 for 3.100.000 Euro.

The fields of activity of the Group's subsidiaries are stated below.

Investments in equities;

Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Genmar Yapı"): The main activity of the company is the production and sales of educational equipment and hotel and restaurant furniture. The company merged with Genmar Orman on December 17, 2019. With the General Assembly held on 24 December 2019, Genart Mobilya Tasarım San. Ve Tic. Inc. ("Genart"), the title of Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. and increased its capital to TL 38.460.000 with the decision to increase capital without bonus.

Gentaş Kimya A.Ş ("Gentaş Kimya"): The main area of activity of the Company is the production and sale of chemical substances.

5K Yüzey Teknolojileri Orman Ürünleri Mobilya Sanayi ve Ticarert A.Ş. ("5K"): GBS Gentas has purchased % 30 share of 5K's capital amounting TL 7.000.000 with the amount of TL 4.500.000 on 23 October 2016. The Company's main area of activity is the production of is to cover surfaces of all kinds of forest product and obtain new products.

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 31 December 2019, the number of personnel employed within the Group is 713 personnel (31 December 2018 : 684 personnel).

Consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 8 March 2020. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" (The "Communiqué"), which were published in the Official Gazette No. 28676 dated 13 June 2013.

The Group implements the Turkish Accounting Standards / Turkish Financial Reporting Standards and the annexes and interpretations thereof ("TAS / TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The accompanying consolidated financial statements and its notes are presented in accordance with the format requirements recommended by the CMB and including the requisite information.

The Company (and its Subsidiaries) maintain their books of accounts and prepare their statutory financial statements on the basis of Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. 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 the Turkish Accounting Standards issued by POA.

Additional paragraph for convenience translation to English:

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

2.2 Correction of Financial Statements During the Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

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

2.3 Functional and Presentation Currency

Excluding the subsidiaries incorporated outside of Turkey, functional currency of all entities' included in consolidation is Turkish Lira ("TL") and they maintain their books of account in TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

2.4 Financial Statements of the Subsidiaries Which Operates and Locate in Foreign Country

Gentas Italy operates and locate in Italy. Gentas Italy's financial statements are modified with certain out-of-book adjustments and reclassifications to comply with Group's accounting policies. The assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

2.5 Basis of Consolidation

The accompanying financial statements include the accounts of the parent company and its subsidiaries and investments in equity. The basis of consolidated financial statement preparation is as follows;

- The Subsidiary is the Company in which the Company has the power to control the financial and operating policies for the benefit of the Company either through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

- The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition of control or up to the effective date of disposal, as appropriate. Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group

- The financial statements of subsidiaries are consolidated using the full consolidation method. In this context, subsidiaries' shareholders equity and their book value are offsetting. The book value of the Company's shares and dividends that arise from these shares are offsetting from related shareholders and income statement accounts.

- The receivables and liabilities of subsidiaries included in consolidation with each other, they are made to each other sales of goods and services, income and expense items with each other is formed due to the transactions are eliminated as a mutual.

- Consolidation of subsidiaries under the equity share capital account, including all items of the group, the parent company and subsidiaries to minority interests deducted from the amounts accrued and it is indicated under the name of "Non-Controlling Interest" in the consolidated financial position statement equity group.

(Currency in Turkish Lira ("TL") unless otherwise stated).

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

2.5 Basis of Consolidation (Continued)

Investments in equity accounted through the equity method are expressed initially at their historical values. After the date of purchase, the amount carried forward is increased or decreased from the profits or losses of the partnership according to the share ratio of the affiliating company. The distribution of profits from partnership decreases the value of the partnership. In the event that the change in the equity capital result from the equity items outside of profit or loss, relevant changes in relation to these items are made in the equity capital of the Company. In the event that the decrease in the value of net assets of the partnership is not temporary, the value of partnership is shown with the decreased value in the financial statements. In the event that the value of the net assets turns to negative, the relevant amount is not classified as asset or liability and displayed as zero in the financial statements

The subsidiaries included in consolidation and the shareholding percentage is set out below:

	Share (%)	
	31 December 2019	**31 December 2018**
GBS Gentaş	53,65	53,65
Genmar Orman*	--	96,50
Gentas Italy	100,00	100,00
Genmar Yapı (Formerly Genart)	62,70	48,04
Gentaş Kimya	14,50	14,50
5K	30,00	40,00

* In the current period, legal entity has been merged with Genmar Yapı (Note: 14).

2.6 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 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 1 January 2019 are as follows:

TFRS 16 Leases

On April 2018, Public Oversight Accounting and Auditing Standarts Authority ("POASA") has issued the new leasing standard which will replace TAS 17 Leases, TFRSI 4 Determining Whether an Arrangement Contains a Lease, TASI 15 Operating Leases – Incentives, and TASI 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. TFRS 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. The standard is effective for annual periods beginning on or after 1 January 2019.

As of the date of transition, the Group has reflected TL 1.228.859 in the consolidated financial statements.

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

2.6 The New Standards, Amendments and Interpretations (Continued)

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

Amendments to TAS 28- Long-term Interests in Associates and Joint Ventures

In December 2017, POASA has issued amendments to TAS 28 to clarify that entities also apply TFRS 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 TFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The standard is effective for annual periods beginning on or after 1 January 2019. This amendment have no effect on Group's consolidated financial statements.

TFRS 23 –Uncertainty Over Income Tax Treatments

On May 2018, POASA issued TFRSI 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. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRSI 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

Amendments to TAS 19 - Plan Amendment, Curtailment or Settlement -

On 15 January 2019, POASA issued Plan Amendment, Curtailment or Settlement (Amendments to TAS 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 standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

Amendments to TFRS 9 - Prepayment features with negative compensation

On December 2017, POASA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 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 standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

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

2.6 The New Standards, Amendments and Interpretations (Continued)

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

Annual Improvements to TFRSs 2015-2017 Cycle

***TFRS 3 Business Combinations and TFRS 11* Joint Arrangements**

TFRS 3 and TFRS 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. The standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

TAS 12 Income Taxes

TAS 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. The standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

TAS 23 Borrowing Costs

TAS 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. The standard is effective for annual periods beginning on or after 1 January 2019. This amendment has no effect on Group's consolidated financial statements.

ii) Standards that have been published but not enforced and not implemented early

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

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

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

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

2.6 The New Standards, Amendments and Interpretations (Continued)

ii) Standards that have been published but not enforced and not implemented early (Continued)

TFRS 17 – Insurance Contracts

On 16 February 2019, POASA issued TFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

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

Definition of Material (Amendments to TAS 1 and TAS 8)

On 21 June 2019, The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in TFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all TFRS Standards. This amendments have an effective date of 1 January 2020 but companies can apply it earlier.

The Revised Conceptual Framework

The revised Conceptual Framework issued on 11 May 2019 by POASA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing TFRS 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 TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards.

The revised Framework is more comprehensive than the old one – its aim is to provide the 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 TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

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

2.6 The New Standards, Amendments and Interpretations (Continued)

ii) Standards that have been published but not enforced and not implemented early (Continued)

Amendments to TFRS 3 - Definition of a Business

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

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

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

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019, added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups 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:
- The highly probable requirement;
- Prospective assessments;
- IAS 39 retrospective assessment; and
- Separately identifiable risk components.

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

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

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

2.7 Changes in Accounting Estimates and Corrections of Errors

The effect of a change in accounting policy is applied retrospectively. Adjustments relating to prior periods are made to the opening balance of retained earnings. The effect of a change in accounting policy should be applied prospectively only when the amount of the adjustment to the opening balance of retained earnings cannot be reasonably determined. The effect of a change in an accounting estimate should be included in the determination of net profit or loss in the period of the change, if the change affects the period only; or the period of the change and future periods, if the change affects both. The correction of fundamental errors that relate to the current period is normally included in the determination of net profit or loss for the current period. The correction of fundamental errors that relate to prior periods requires the restatement of the comparative information or the presentation of additional pro forma information. The amount of the correction of a fundamental error that relates to prior periods should be reported by adjusting the opening balance of retained earnings.

2.8 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial position statement 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.

2.9 Going Concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern on the basis that the entities will be able to realize its assets and discharge its liabilities in the normal course of business.

2.10 Summary of Significant Accounting Policies

The significant accounting policies implemented during the preparation of the accompanying consolidated financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having original maturities of three months or less.

Foreign currency bank deposits valued at the end of period rate. Recorded value is estimated market value of other cash and bank deposits on the balance.

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are recorded at invoice values after deducting provision for doubtful trade receivables carried at amortized cost. Finance cost imputed in trade receivables is computed by discounting the receivables at the current market rate of return for government bonds quoted in an organized stock exchange or for a similar financial asset with appropriate due dates and is reflected in the financial statements. Short term trade receivables with no stated interest rate are measured at invoice amount unless the effect of imputing interest accrual is significant.

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

2.10 Summary of Significant Accounting Policies (Continued)

Trade receivables (Continued)

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 amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Credit risk provision is made based on the best estimates of the Management about the market conditions.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Trade payables

Trade payables are carried at amortized values which reflect the fair value of goods and services purchased.

Inventories

Inventories are valued at the lower of cost or net realizable value. The costs of inventories are determined using the "monthly moving weighted average cost" method. Inventories include all purchasing costs, costs of conversion and other costs incurred in order for the inventories to be brought into their existing situation and position. The costs of conversion of the inventories include the costs directly related to production overhead, such as direct labor costs. These costs also include the amounts distributed systematically from the fixed and variable production overheads incurred during the conversion of the raw materials and supplies into finished goods. Net realizable value is yielded by the estimated sales price in the ordinary course of business, less the total estimated costs of the completion and sales to be undertaken.

Property, plant and equipment

The tangible assets are shown as cost of purchasing value less accumulated depletion and permanent depreciation. The historical cost of the tangible asset consists of the purchase price and non-refundable taxes and expenses to make the tangible asset available. The costs of tangible assets in except for land, landed property and construction in progress, are subjected to pro rata depreciation using straight-line method of depreciation based on their expected useful lives. The expected useful life, residual value and method of depreciation are reviewed each and every year for the possible effects of the changes that may occur in the estimations and accounted prospectively in case of a change in the estimations. The estimated useful lives of such assets, are stated as follows:

	Years
Land improvements	8-17 years
Buildings	25 –50 years
Machinery- plant and equipment	10 years
Other tangible assets	5-10 years
Vehicles	5 years
Furniture and fixtures	4-5 years

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

2.10 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Profits or losses from sales of property, plant and equipment are included in the other operating income and expense accounts respectively. The tangible assets purchased prior to 1 January 2005 are carried from the costs adjusted according to the effects of inflation costs adjusted according to the effects of inflation.

Intangible assets

Intangible assets are assets consisting of primary rights and computer software, and they were first valued at the purchase price.Intangible assets are capitalized in order to obtain economic benefits in the future and to be able to accurately determine the cost. In the first records, there are intangible assets, accumulated amortization and cost. Intangible assets are subject to linear depreciation at estimated rates.

Investment property

Land and buildings or a part of the building or both, which are held in order to earn rentals or for capital appreciation or both (by the owner or by the lessee according to the leasing agreement), rather than for use in the production or supply of goods and services, or for administrative purposes or sale in the ordinary course of business, are classified as investment property.

An investment property is recognized as an asset in the event that there is a possibility of an inflow of future economic benefits pertaining to the property to the entity and that the cost of the investment property is reliably measurable.

The Group monitors investment property with historical cost value. Historical cost value denotes the amount of the cash or cash equivalents paid during the acquisition or construction of an asset or the fair value of other payments outside thereof or if possible to implement, the cost attributed to the relevant asset during the initial recognition

Impairment of assets

The Group assesses whether there is any indication of impairment in relation to an asset at each balance sheet date. If there is any such indication, the recoverable amount of that asset is estimated. Impairment occurs if the book value of the said asset or any cash generating unit pertaining to that asset is higher than the amount to be recovered through use or sale. The recoverable amount is found out by selecting the higher of its fair value less costs to sell and its value in use. Value in use is the estimated present value of the future cash flows expected to be derived from an asset after its continuous use and disposal at the end of its useful life. Impairment losses are recognized in the statement of income.

Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that qualifying asset. All other borrowing costs are realized as expense in the period they are incurred.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of equity instruments. The related financial assets are valued with the purchasing cost.

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

2.10 Summary of Significant Accounting Policies (Continued)

Assets held for sale
The assets are classified as assets that are intended to be recovered as a result of the sales transaction, rather than the use of their registered values, as well as held assets. The sale is expected to occur within twelve months following the balance sheet date. The need to complete the sale of various events or transactions. Allows you to choose or continue to continue the sales plan for the sale of the related asset. The prolonged time required for the sale is the assets held for sale.

Business combinations and goodwill
Business combinations are considered as the merging of two separate legal entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method within the scope of IFRS 3.

The acquisition cost includes the fair value of the assets given at the date of purchase, the capital instruments issued, the liabilities assumed or incurred at the date of the change, and the costs that may be associated with additional acquisition. If the business combination agreement includes provisions that stipulate that the cost can be corrected depending on future events; if this correction is probable and its value can be determined, the acquirer includes this correction at the merger date at the merger date.

The difference between the acquisition cost of an enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired enterprise is recognized in the consolidated financial statements as goodwill.

The goodwill arising during the business combination is not depreciated, instead it is subjected to impairment tests once a year (as of 31 December) or more frequently if circumstances indicate impairment.

Impairment losses calculated over goodwill cannot be associated with the income statement, even if the impairment has disappeared in the subsequent periods. Goodwill is associated with units that generate cash during the impairment test.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the merger cost, the difference is associated with the consolidated income statement.

In accounting for business combinations under common control, assets and liabilities subject to business combinations are included in the consolidated financial statements with their book values. Income statements are consolidated from the beginning of the fiscal year when the business combination occurred. The financial statements of the previous period are prepared in the same way for comparability. As a result of these transactions, no goodwill or negative goodwill is calculated. The difference that occurs as a result of netting the amount in proportion to the share of the company, of which the participant amount is purchased, is directly accounted for as "the effect of business combinations under common control" in equity. The Group's acquisition of Genmar Orman, realized on June 19, 2012, has not been applied as IFRS 3 "Business Combinations" standard, which is considered as a "business merger under common control".

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

2.10 Summary of Significant Accounting Policies (Continued)

Bank loans

Credits are recognized initially at the proceeds received, net of transaction costs incurred from the credit amount. In the event that there is a significant difference between the discounted value and the initially recorded value, then the credits are stated over the discounted historical cost using the effective interest rate method. The difference between the remaining amount after the deduction of the transaction costs and the discounted historical cost is reflected to the statement of income as cost of financing throughout the credit period. The cost of financing arising out of the credits is recognized at the statement of income as they are incurred.

Revenue

The Group recognizes revenue when the goods are transferred to the costumer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to to the customers.

The Group recognizes revenue based on the following main principle;

(a) Identification of customer contracts
(b) Idenfication of performance obligation
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognitions of revenue when the performance obligations are fulfilled.

Revenue involves the goods sales invoiced value. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes

Foreign currency transactions

The foreign currency transactions realized within the year are converted over the foreign exchange rates valid at the dates of transactions. The monetary assets and liabilities depending on foreign exchange are converted into Turkish Lira over the exchange rates valid at the end of the period. The exchange difference arising out of the conversions of monetary assets and liabilities depending on foreign exchange are reflected into the consolidated statement of income at the period their income or losses are realized.

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

	31 December 2019	31 December 2018
USD	5,9402	5,2609
Euro	6,6506	6,0280

Events after the balance sheet date

The events after the date of the Financial statement include all events that occurred between the date of the Financial statement and the date of authorization for the publication of the Financial statement; even if they took place after an announcement on the income for the period or a public disclosure of other selected financial information.

If events that require the adjustment occur after the date of the financial statement, the Group corrects the amounts recognized in the financial statements in compliance with this new situation.

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

2.10 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities
In order for any amount of provisions to be recognized in the financial statements, the Group is to have a present legal or constructive obligation as a result of past events, it should be probable that an outflow of resources with economic benefits will be required to fulfill this obligation, and a reliable estimate of the amount of the said liability can be made. If the said criteria did not occur, then the Group discloses the said matters in the relevant notes. Contingent assets are not recognized until they are realized and only disclosed in the notes.

Contingent assets are continuously assessed in order for the true representation of the related developments in the financial statements. In the event that the inflow of economic benefit into the operation is almost certain, the relevant asset and the income related thereto are reflected into the financial statements of the term that the change occurred. In the event that the inflow of economic benefit becomes probable, the operation displays the said contingent asset in the notes of the financial statement.

Capital and dividends
Ordinary shares are classified as capital. The dividends distributed over the ordinary shares are recorded as deduced from the accumulated profit in the declared period.

Leases
As a tenant
The Group recognizes the contracts that include the right to control the use of an asset, its transfer for a certain period of time and for a certain amount, as lease contracts and accounts for the right to use the contractual right as a right of use.

The right to use asset includes the initial measurement of the lease obligation, all lease incentives and discounts related to the lease, all direct costs incurred and all costs associated with the removal / transportation of the defined asset. The Group applies short term lease registration exemption for assets with a lease period of 12 months or less from the start date and without a purchase option.

The Group is subject to depreciation by taking into account the lease term and evaluates the asset with its cost value.

The lease obligation is measured at the present value of the lease payments that were not realized at the time the lease actually started. Rent payments, if any, implicit interest rate, otherwise discounted by the tenant's alternative borrowing interest rate.

As the lessor
In operational leasing, rental income arising from leased assets is reflected in the profit and loss statement by the linear method during the lease period.

Related parties
Within the scope of this report, Company shareholders, affiliates, subsidiaries and other entities than subsidiaries that the Company shareholders are in a capital or administrative relationship directly or indirectly, Company or administrative personnel such as the member of Company's board of directors, general manager, etc., authorized and responsible for planning, performance and auditing of the Company operations directly or indirectly, close family members of these persons and companies under direct or indirect control of these persons are considered as the related parties. Transactions with related parties are disclosed in the notes to the financial statement.

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

2.10 Summary of Significant Accounting Policies (Continued)

Taxation on income

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are reflected as non-current in the financial statements.

Employee benefits

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees' service relates.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income.

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

2.10 Summary of Significant Accounting Policies (Continued)

Earnings per share
Earnings per share are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year concerned. The companies can increase their share capital by making a pro-rata distribution of their shares ("Bonus Shares") to existing shareholders from retained earnings and allowed reserves. When calculating the earnings per share, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in the calculation of the earnings per share is obtained by implementing retrospectively the bonus issuance of the shares.

Statement of cash flows
In the statement of cash flows, cash flows in relation to the period are reported as classified on the basis of operating activities, investment activities and financing activities. The cash and cash equivalents in the statement of cash flows include the cash and bank deposits.

2.11 Critical Accounting Estimates and Assumptions

The critical accounting estimates that have significant effect on the book values of the assets and liabilities are as follows:

Receivable / Payable Discount:
In the calculation of the cost amortized with the effective interest rate method of the trade receivables and payables, the due receipt and payment periods expected according to the existing data regarding the receivables and payables are taken into consideration. The amount of the financial income and expenses within the costs of purchases and revenues from sales are calculated on estimated basis according to the effective interest rate method using the turnover rates of the received trade receivables and payables at the related term period and classified into the financial income and expenses.

The amounts of unaccrued financial income and expenses contained in the costs of purchases and revenues from sales resulting from forward purchases and sales are determined approximately through the use of average turnover rates of trade receivables and payables

Useful life:
Tangible and intangible assets are subjected to amortization and depreciation throughout their estimated useful lives.

Employment termination benefits:
The provision for employment termination benefits is reduced to its value at the balance sheet date by calculating the personnel turnover rate based on the past year experiences and expectations.

Allowances for doubtful receivables:
The Group provides allowance for the overdue doubtful receivables by considering customers financial position, past experience and other factors and evaluating customers credit standing.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 3 – ASSETS HELD FOR SALE

	31 December 2019	31 December 2018
Taraklı thermal plant* (Note 5)	3.765.258	1.077.533
Flats**	220.000	505.000
	3.985.258	**1.582.533**

* Consists of 125 timeshare acquired in return for receivables from 4K Grup Yapı ve Orm.Ürün.İnş.San.ve Tic.A.Ş.

** Consists of 1 flat located in Didim, where Genmar Yapı acquired in return for receivables (31 December 2018: 2 flat located in Didim and Ankara). The apartment in Ankara was sold on November 14, 2019.

NOTE 4 – SEGMENT REPORTING

The Group management has determined the reportable parts of the Company as the companies that have entered into consolidation. Group companies operate in the same sector, but each is managed and reported separately.

Balance sheet reporting;

31 December 2019

	Domestic			Abroad		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Italy**	**Eliminations**	**Consolidated**
Total assets	303.363.636	94.218.171	55.681.552	20.928.433	(87.871.667)	386.320.125
Total liabilities	63.646.356	18.512.456	16.820.381	18.849.694	(13.076.643)	104.752.244
Net assets	**239.717.280**	**75.705.715**	**38.861.171**	**2.078.739**	**(74.795.024)**	**281.567.881**
Depreciation and amortization	5.274.981	4.084.331	931.165	729.435	(974.171)	10.045.741
Investment in progress	897.417	1.091.216	13.150	--	--	2.001.783

31 December 2018

	Domestic			Abroad		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Italy**	**Eliminations**	**Consolidated**
Total assets	295.763.827	102.607.736	29.468.917	19.371.570	(72.049.576)	375.162.474
Total liabilities	64.813.114	26.488.729	19.792.273	15.416.580	(22.655.794)	103.854.902
Net assets	**230.950.713**	**76.119.007**	**9.676.644**	**3.954.990**	**(49.393.782)**	**271.307.572**
Depreciation and amortization	4.590.376	3.401.012	942.980	675.184	(1.007.075)	8.602.477

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 4 – SEGMENT REPORTING (Continued)

Profit or loss reporting;

1 January – 31 December 2019;

	Domestic			Abroad		
	Gentaş	**GBS Gentaş**	**Genmar Orman**	**Gentas Italy**	**Eliminations**	**Consolidated**
Sales	260.651.642	148.181.586	65.059.499	16.708.388	(94.932.165)	395.668.950
Cost of Sales (-)	(217.675.476)	(129.323.453)	(55.012.810)	(15.909.797)	95.906.328	(322.015.208)
Gross Profit	**42.976.166**	**18.858.133**	**10.046.689**	**798.591**	**974.163**	**73.653.742**
Marketing, Sales and Distribution Expenses (-)	(14.864.696)	(6.025.827)	(7.404.537)	(1.651.622)	2.349.010	(27.597.672)
General Administrative Expenses (-)	(17.516.562)	(3.696.997)	(902.913)	(1.869.532)	--	(23.986.004)
Research and Development Expenses (-)	(1.519.764)	--	--	--	--	(1.519.764)
Other Operating Income	14.242.977	4.340.089	1.455.282	31.930	(2.349.010)	17.721.268
Other Operating Expense (-)	(10.489.921)	(4.857.783)	(2.018.071)	(1.970)	--	(17.367.745)
Operating Profit	**12.828.200**	**8.617.615**	**1.176.450**	**(2.692.603)**	**974.162**	**20.903.825**
Profit from Equity Investment	6.219.796	(4.367.823)	--	--	--	1.851.973
Income from Investing Activities	9.513.836	150.957	271.794	--	(7.207.299)	2.729.288
Expense from Investing Activities (-)	(2.271.207)	(249.851)	269.422	662.098	(170.842)	(1.760.380)
Operating Profit Before Financial Expenses	**26.290.625**	**4.150.898**	**1.717.666**	**(2.030.505)**	**(6.403.979)**	**23.724.706**
Financial Expenses (-)	(5.899.067)	(1.874.077)	(1.739.386)	(149.057)	--	(9.661.587)
Profit before tax	**20.391.558**	**2.276.821**	**(21.720)**	**(2.179.562)**	**(6.403.979)**	**14.063.119**
Tax expense						
- Current tax expense	(2.033.167)	(1.448.440)	--	--	--	(3.481.607)
- Deferred tax income/ (expense)	477.731	363.764	--	--	--	841.495
Profit for the year	**18.836.122**	**1.192.145**	**(21.720)**	**(2.179.562)**	**(6.403.979)**	**11.423.007**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 4 – SEGMENT REPORTING (Continued)

Profit or loss reporting (Continued) ;

1 January – 31 December 2018;

	Domestic			Abroad		
	Gentaş	**GBS Gentaş**	**Genmar**	**Gentas Italy**	**Eliminations**	**Consolidated**
Sales	280.244.162	136.672.321	84.924.105	3.347.894	(80.162.363)	425.026.119
Cost of Sales (-)	(214.687.708)	(109.717.905)	(68.187.694)	(5.955.055)	81.169.437	(317.378.925)
Gross Profit	**65.556.454**	**26.954.416**	**16.736.411**	**(2.607.161)**	**1.007.074**	**107.647.194**
Marketing, Sales and Distribution Expenses (-)	(13.678.688)	(4.830.053)	(7.800.880)	(10.724)	1.793.934	(24.526.411)
General Administrative Expenses (-)	(12.785.944)	(3.155.105)	(1.154.930)	(1.883.728)	--	(18.979.707)
Research and Development Expenses (-)	(1.224.036)	--	--	--	--	(1.224.036)
Other Operating Income	30.835.621	11.422.691	6.442.106	50.220	(1.793.934)	46.956.704
Other Operating Expense (-)	(26.503.791)	(8.876.967)	(12.978.000)	(54.613)	--	(48.413.371)
Operating Profit	**42.199.616**	**21.514.982**	**1.244.707**	**(4.506.006)**	**1.007.073**	**61.460.373**
Profit from Equity Investment	7.974.752	(203.473)	--	--	(469.269)	7.302.010
Income from Investing Activities	9.859.828	16.731	40.414	2.347.539	(5.384.371)	6.880.141
Expense from Investing Activities (-)	(303.184)	--	--	--	--	(303.184)
Operating Profit Before Financial Expenses	**59.731.012**	**21.328.240**	**1.285.121**	**(2.158.467)**	**(4.846.567)**	**75.339.340**
Financial Expenses (-)	(11.617.361)	(3.576.025)	(3.775.274)	(133.244)	86.038	(19.015.866)
Profit before tax	**48.113.651**	**17.752.215**	**(2.490.153)**	**(2.291.711)**	**(4.760.529)**	**56.323.474**
Tax expense						
- Current tax expense	(5.697.021)	(2.829.051)	--	--	--	(8.526.072)
- Deferred tax income/ (expense)	384.390	(77.187)	149.013	--	--	456.216
Profit for the year	**42.801.020**	**14.845.977**	**(2.341.140)**	**(2.291.711)**	**(4.760.529)**	**48.253.618**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 5 – RELATED PARTIES DISCLOSURES

a) Sales/Purchases;

	1 January – 31 December 2019				1 January – 31 December 2018			
	Purchases		Sales		Purchases		Sales	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
Gentaş Kimya Sanayi Ticaret A.Ş.	90.176.056	170.321	5.196.058	615.996	101.697.759	334.303	34.067	999.445
Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (Genart)*	1.989.401	699.041	34.545.932	842.207	1.639.685	569.364	38.490.155	1.421.249
2K Yapı Uygulama Tasarım Sanayi ve Tic.Ltd. Şti.	--	4.217	--	--	832.159	5.233	3.985.961	22.200
4K Grup Yapı ve Orm.Ürün.İnş.San.ve Tic.A.Ş.	--	--	4.591.344	500	453.955	78.332	1.628.689	8.238
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	33.106	342.256	4.862.343	6.407	814.928	398.284	11.865.830	24.626
5K Yüzey Teknolojileri A.Ş.	1.763.088	143.264	8.233.383	256.489	2.505.582	135.446	3.263.498	716.644
Yaşar Çelik Orman Ür. Kim.Nak. İnş. San. A.Ş.**	32.931	320.082	--	--	331.775	249.058	10.329.726	54.262
	93.994.582	**1.679.181**	**57.429.060**	**1.721.599**	**108.275.843**	**1.770.020**	**69.597.926**	**3.246.664**

* As of 31 December 2019, it has been fully consolidated (Note 36)
** GBS is the company of the private partners of Gentaş.

Other Sales/Purchases;

January 1 - December 31, 2019: The Group also has a factory real estate built on the same plot with the 15.020 m2 land on the 1608 island, 7 parcels of Ankara Province Akyurt district Balıkhisar-Zoning District, which is accounted for as investment property and leased to 5K. It has been sold to the individual partner with a price of 8.898.000 TL and it is located in Istanbul province, Başakşehir district, İkitelli 2 Mahallesi, İkitelli Organized Industrial Zone, Keresteciler Sitesi 690 Island 1 Parcel 25, 31, 32, 34 Bought six duplexes 35, 36, from private partners over 8.898.000 TL.

In return for its receivables from 4K, the group purchased a timeshare of 2.687.725 TL and a machine worth 254.237 TL.

The Group sold 10% of its 5K shares (Note 14) to Gentaş Kimya at a price of 1.900.000 TL.

January 1 - December 31, 2018; In 2018, the building was classified as an investment property, including the profit elimination effect, from Gentaş Kimya with a price of 3.300.000 (note 15), a timeshare of TL 1.077.533 (held for sale purposes) from 4K. classified as assets, note 3)

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 5 – RELATED PARTIES DISCLOSURES (Continued)

b) Payables /receivables;

	31 December 2019		31 December 2018		
	Short-term trade receivables	**Trade payables**	**Short-term trade receivables**	**Long-term trade receivables**	**Trade payables**
2K Yapı Uygulama Tasarım Sanayi ve Tic. Ltd.Şti.	233.534	--	973.292	--	--
4K Grup Yapı ve Orm.Ürün.İnş.San.ve Tic.A.Ş. ("4K")	--	--	6.737.702	1.012.500	--
Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (Genart)	--	--	10.559.522	--	403.598
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	537.609	--	583.673	--	--
5K Yüzey Teknolojileri Orman Ür. Mob. San.AŞ	1.822.569	--	5.780.482	--	--
Yaşar Çelik Orm. Ürn.Kimya Nak. İnş. San. ve Tic. A.Ş.	980.946	--	319.656	--	--
Gentaş Kimya Sanayi Ticaret A.Ş.	--	8.112.804	863.015	--	7.680.859
Ertelenmiş finansman geliri/gideri	(88.069)	(80.755)	(2.014.030)	(256.450)	(321.150)
	3.486.589	**8.032.049**	**23.803.312**	**756.050**	**7.763.307**

In additons as of 31 December 2019, Unpaid dividend due to shareholders TL 374.015 (31 Aralık 2018 : TL 353.985).

c) *Compensation of key management personnel;* The total amount of wages and similar benefits paid to the key management personnel between the dates of 1 January - 31 December 2019 is TL 4.155.665. Total balance is composed of wages. (1 January - 31 December 2018 : TL 3.188.819). The Group has determined the members of the board of directors, general manager and its deputies as the key management personnel.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 6 – CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash in hand	100.637	33.456
Banks		
- Demand deposit	11.992.170	7.513.675
- Time deposit	21.979.023	10.085.964
Other cash and cash equivalents	10.874.736	11.758.459
	44.946.566	**29.391.554**

Details of times deposit of the Group as at 31 December 2019 and 31 December 2018 are as follows :

	31 December 2019			31 December 2018		
Currency	**Interest rate**	**Amount**	**TL Equivalent**	**Interest rate**	**Amount**	**TL Equivalent**
Euro	0,50%	1.702.433	11.322.201	3,75%	1.576.498	9.503.130
US Dollar	2%	817.005	4.853.173	4,5%	110.786	582.834
TL	19,5%	5.803.649	5.803.649	--	--	--
			21.979.023			**10.085.964**

NOTE 7 – FINANCIAL INVESTMENTS

	31 December 2019		31 December 2018	
	Percentage (%)	**Amount**	**Percentage (%)**	**Amount**
Financial assets through OCI				
Orta Anadolu İhr. Birl. (Mosaş A.Ş.)	2,00	7.635	2,00	7.635
Ortak Satın Alma Organizasyonu	<1	64.260	--	--
		71.895		**7.635**

The fair value of financial investments has been accounted for at cost due to its convergence to cost value.
Short-term financial assets are consist of B type liquid fund amounting TL 830 (31 December 2018: TL 691)

NOTE 8 – BORROWINGS

The borrowings of the Group at 31 December 2019 and 2018 are all due to bank loans and detailed as follows ;

	31 December 2019		31 December 2018	
	Rate	**Amount**	**Rate**	**Amount**
Short-term bank loans				
- TL loans	23,5%	4.000.000	28 – 35%	10.551.735
- Euro loans	0,68%-0,75%	4.256.384	0,68%	13.261.600
Other	--	15.534	--	29.413
		8.271.918		**23.842.748**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 8 – BORROWINGS (Continued)

	31 December 2019		31 December 2018	
	Rate	**Amount**	**Rate**	**Amount**
Short-term portion of long-term bank loans				
- Euro loans	0,68%	7.431.430	0,68%	11.911.970
		7.431.430		**11.911.970**
Long-term bank loans				
- Euro loans	0,68%	13.692.929	0,68%	19.039.160
		13.692.929		**19.039.160**

Maturities of the loans as follow;

	31 December 2019	31 December 2018
Between 1-2 years	2.793.146	1.507.000
Between 2-5 years	8.215.359	12.665.910
Over 5 years	2.684.424	4.866.250
	13.692.929	**19.039.160**

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
Short term trade receivables		
Trade receivables	49.074.892	37.630.754
Notes and cheques receivable	10.900.869	40.632.768
Doubtful trade receivables	33.545.815	22.547.897
	93.521.576	100.811.419
Deferred financial income (-)	(905.942)	(2.569.427)
Allowances for doubtful trade receivables (-)	(33.545.815)	(22.547.797)
	59.069.819	**75.694.195**

As of the date of 31 December 2019, the average period for the collection of receivables is 55 days (31 December 2018; 82 days).

As of the date of balance sheet, there are no significant amount of receivables past due in the trade receivables.

The related party balances in the trade receivables are disclosed in Note 5. The nature and amounts of the guarantees obtained in consideration of the receivables are specified in Note 20.3. The risks and levels of risks that the receivables of the Group are exposed to are disclosed in Note 33. The foreign exchange balances of the trade receivables are disclosed in Note 33 foreign currency risk.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 9 – TRADE RECEIVABLES AND PAYABLES (Continued)

The movement table of the doubtful receivables as at 31 December 2019 and 2018 are as follows :

	2019	**2018**
1 January	22.547.797	13.588.525
Provisions reserved in the period	(1.312.054)	(433.595)
Collections from doubtful receivables	5.632.594	9.343.659
Business combinations effect	6.667.721	--
Foreign currency translation	9.757	49.208
31 December	**33.545.815**	**22.547.797**

	31 December 2019	**31 December 2018**
Short term trade payables		
Trade Payables	46.811.009	30.403.544
Deferred financial expenses (-)	(326.021)	(788.407)
	46.484.988	**29.615.137**

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

	31 December 2019	**31 December 2018**
Short term other receivables		
Receivables from tax office	8.204.504	4.586.575
Receivables from personnel	555.315	372.639
Other receivables	487.517	39.323
Deposite and guarantees given	127.742	50.993
	9.375.078	**5.049.530**
Long term other receivables		
Deposite and guarantees given	41.813	41.993
	41.813	**41.993**

	31 December 2019	**31 December 2018**
Short term other payables		
Deposits and guarantees received	1.023.602	--
Due to related parties (Note 5)	374.015	353.985
Other payables	47.921	192.263
	1.445.538	**546.248**

NOTE 11 – INVENTORIES

	31 December 2019	**31 December 2018**
Raw material	72.275.818	63.528.319
Semi-finished goods	7.257.559	5.525.457
Finished goods	36.793.619	35.566.569
Merchandises	7.842.376	10.692.577
Other inventories	9.172.415	5.981.103
Inventory impairment (-)	(5.244.099)	(4.949.942)
	128.097.688	**116.344.083**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2019	31 December 2018
Short term prepaid expenses		
Advances given for inventory	4.713.259	2.180.637
Prepaid expenses	1.524.906	1.056.055
Advances given for business purposes	412	46.167
	6.238.577	**3.282.859**

	31 December 2019	31 December 2018
Short term deferred income		
Received advances	6.636.361	7.055.314
Deferred income	2.717.599	--
	9.353.960	**7.055.314**

NOTE 13 – CURRENT TAX RELATED ASSETS

As of 31 December 2019 and 2018 assets related to the current period tax are composed of taxes paid in advance .

NOTE 14 – INVESTMENTS IN EQUITY

The investments in equity of the Group as at 31 December 2019 and 2018 are as follows :

	31 December 2019		31 December 2018	
	Share (%)	**Amount**	**Share (%)**	**Amount**
Genmar Yapı (Genart)	--	--	48,04	8.500.397
Gentaş Kimya	14,50	30.468.667	14,50	26.256.849
5K	30,00	2.404.094	40,00	6.966.573
		32.872.761		**41.723.819**

On 14 January 2019 , the Group has sold its %10 share of 5K to Gentaş Kimya with the amount of TL 1.900.000

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 14 – INVESTMENTS IN EQUITY (Continued)

The amounts associated with the statement of profit and loss as at 31 December 2019 and 2018 are as follows;

	1 January - 31 December 2019	1 January - 31 December 2018
Genmar Yapı net income for the year	1.200.508	846.328
Share	48,04%	48,04%
Amount attributable to Income / Loss	**576.724**	**406.576**
Gentaş Kimya net income for the year	38.917.731	52.194.317
Share	14,50%	14,50%
Amount attributable to Income / Loss	**5.643.071**	**7.568.175**
5K net income for the year	(14.559.409)	(508.682)
Share	30,00%	40,00%
Amount attributable to Income / Loss	**(4.367.823)**	**(203.473)**
Profit / Loss Elimination	--	(469.269)
	1.851.973	**7.302.010**

The financial statement details of the investments in equity as at 31 December 2019 and 2018 are as follows :

	31 December 2019			31 December 2018		
	Genmar Yapı	G. Kimya	5K	Genmar Yapı	G. Kimya	5K
Total assets	55.681.552	322.769.933	23.135.692	46.874.224	248.486.655	33.144.511
Short term liabilities	15.632.971	56.800.861	30.544.372	17.600.248	28.361.037	24.406.652
Long term liabilities	1.187.410	44.577.669	5.965.093	827.602	30.850.253	10.256.016
Net income / loss for the year	1.200.508	38.917.731	(14.559.409)	846.328	52.194.317	(508.682)

Movement of the investments in equity are as follows ;

	31 December 2019			31 December 2018		
	Genmar Yapı	G. Kimya	5K	Genmar Yapı	G. Kimya	5K
Balance at 1 January	8.500.397	26.256.849	6.966.573	7.559.459	19.558.691	6.368.916
Capital paid in cahs	--	--	1.985.000	--	--	815.000
Amount attributable to Profit or loss	576.725	5.643.071	(4.367.823)	406.576	7.568.175	(203.473)
Dividend paid	(600.499)	(852.940)	--	--	(341.176)	--
Sale of share of the Company	(769.801)	(563.163)	--	538.449	--	--
Share of acturials income /loss	--	(15.150)	(26.913)	(4.087)	(59.572)	(13.870)
Group payment sale / business combinations (Note 36)	(7.706.822)		(2.152.743)			
Profit / Loss Elimination	--	--	--	--	(469.269)	--
Closing balance	**--**	**30.468.667**	**2.404.094**	**8.500.397**	**26.256.849**	**6.966.573**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 15 – INVESTMENT PROPERTY

	1 January 2019	Additions	Disposal	31 December 2019
Buildings and apartments	20.951.645	8.906.000	(13.564.417)	16.293.228
Accumulated depreciations	(2.478.773)	(420.485)	786.282	(2.112.976)
Net book value	**18.472.872**	**8.485.515**	**(12.778.135)**	**14.180.252**

	1 January 2018	Additions	Disposal	31 December 2018
Buildings and apartments	18.299.437	2.800.132	(147.924)	20.951.645
Accumulated depreciations	(2.077.702)	(462.459)	61.388	(2.478.773)
Net book value	**16.221.735**	**2.337.673**	**(86.536)**	**18.472.872**

The investment properties consist of the factory plants rented by the Group to Genmar Yapı and Gentaş Kimya and 3 apartments rented to third parties.

An amount of TL1.308.130 rent income was obtained from the related properties (2018 : TL 1.204.606).

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

The movements that occurred in the tangible assets and their related accumulated depreciation for the period ending at 31 December 2019 and 2018 are as follows ;

	1 January 2018	Additions	Disposals	Transfer	Foreign currency translation	31 December 2018	Additions	Disposals	Transfer	Business combinations effect	Foreign currency translation	31 December 2019
Cost												
Lands	2.719.871	952.633	--	--	15.850	3.688.354	--	--	--		6.522	3.694.876
Land improvements	3.895.747	253.500	--	--	--	4.149.247	136.661	--	--	7.000	--	4.292.908
Buildings	27.148.759	1.419.722	--	--	2.543.115	31.111.596	--	(250.000)	178.807	--	1.046.838	32.087.241
Machinery, plant	100.126.640	2.849.225	(1.281.140)	14.103.321	1.314.402	117.112.448	1.224.373	(1.321.987)	615.903	4.916.011	512.662	123.059.410
Motor vehicles	3.797.168	325.542	(347.911)	--	6.270	3.781.069	180.561	(487.318)	--	331.161	1.803	3.807.276
Furniture and fixtures	5.628.247	721.744	(80.949)	--	9.551	6.278.593	393.792	(85.114)	--	894.194	2.921	7.484.386
Other tangible assets	8.594.115	110.916	--	--	--	8.705.031	7.640	--	--	560.327	--	9.272.998
Leasehold improvements	3.405.674	658.176	--	--	--	4.063.850	239.731	(191.785)	--	3.522.688	--	7.634.484
Construction in progress	7.393.913	6.709.408	--	(14.103.321)	--	--	2.796.493	--	(794.710)		--	2.001.783
	162.710.134	**14.000.866**	**(1.710.000)**	**--**	**3.889.188**	**178.890.188**	**4.979.251**	**(2.336.204)**	**--**	**10.231.381**	**1.570.746**	**193.335.362**
Accumulated depreciation												
Land improvements	3.304.374	91.590	--	--	--	3.395.964	94.765	--	--	7.000	--	3.497.729
Buildings	6.164.135	633.959	--	--	121.973	6.920.067	673.285	(11.250)	--	--	76.595	7.658.697
Machinery, plant	71.299.335	5.623.062	(609.291)	--	321.204	76.634.310	6.811.680	(430.692)	--	2.676.980	189.331	85.881.609
Motor vehicles	2.781.109	470.851	(345.650)	--	3.768	2.910.078	428.383	(326.854)	--	126.824	1.467	3.139.898
Furniture and fixtures	4.106.758	448.777	(68.295)	--	1.030	4.488.270	497.319	(44.239)	--	729.251	615	5.671.216
Other tangible assets	7.779.263	151.082	--	--	--	7.930.345	153.636	--	--	290.717	--	8.374.698
Leasehold improvements	1.299.979	642.146	--	--	--	1.942.125	603.460	(113.828)	--	1.919.939	--	4.351.696
	96.734.953	**8.061.467**	**(1.023.236)**	**--**	**447.975**	**104.221.159**	**9.376.994**	**(926.863)**	**--**	**5.636.245**	**268.008**	**118.575.543**
Net book value	**65.975.181**					**74.669.029**						**74.759.819**

TL 7.508.917 of current period depreciation shares is based on cost of sales (2018: TL 6.491.499), TL 788.562 to marketing sales and distribution expenses (2018: TL 791.857), TL 1.742.409 (2018: TL 1.312.460) general administrative expenses and 5.683 TL (2018: 6.659 TL) were reflected in research and development expenses.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 17 – INTANGIBLE ASSETS

Intangible assets and movements in relevant amortization in the years ended December 31, 2019 and 2018 are as follows:

	1 January 2018	Additions	Disposals	Foreign currency translation	31 December 2018	Additions	Business combinations effect	Foreign currency translation	31 December 2019
Cost									
Rights	494.561	--	(457.541)	130.985	168.005	56.839	35.455	7.035	267.334
Other	890.137	454.507	--	--	1.344.644	370.948	35.885	--	1.751.477
Presence of use right	--	--	--	--	--	705.410	523.449	--	1.228.859
	1.384.698	**454.507**	**(457.541)**	**130.985**	**1.512.649**	**1.133.197**	**594.789**	**7.035**	**3.247.670**
Amortizations									
Rights	183.052	23.978	(104.075)	37.343	140.298	14.292	33.277	6.494	194.361
Other	698.894	54.573	--	--	753.467	75.858	35.885	--	865.210
Presence of use right	--	--	--	--	--	272.578	470.391	--	742.969
	881.946	**78.551**	**(104.075)**	**37.343**	**893.765**	**362.728**	**539.553**	**6.494**	**1.802.540**
Net book value	**502.752**				**618.884**				**1.445.130**

NOTE 18 – GOODWILL

	31 December 2019	31 December 2018
Goodwill generated from acquisition of GBS Gentaş	942.792	942.792
	942.792	**942.792**

Goodwill was also reviewed as of the date of 31 December 2019, in order to test against impairment, and no impairment has been detected in the amount of goodwill (2018 : None).

NOTE 19 – EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2019	31 December 2018
Social security premiums payable	1.328.205	1.013.452
Taxes and funds payable	1.755.548	811.441
Due to personnel	2.066.156	1.725.277
	5.149.909	**3.550.170**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Short term provisions:

	31 December 2019	31 December 2018
Unused vacations	2.943.516	2.333.651
	2.943.516	**2.333.651**

20.2 Lawsuits and Disputes

a)Ongoing lawsuits filed by the Group:
As of 31 December 2019, there are a total of 26.882.164 TL claims filed by the Group (31 December 2018: 21.647.041 TL). The Group allocates provisions for its receivables at the stage of lawsuit and execution.

b) Significant lawsuits filed against the group and ongoing: There are lawsuits amounting to TL 65.500. (31 December 2018: None.)

20.3 Provided / received guarantees, pledge and mortgages ("GPM"):

a) GPMs given

	31 December 2019	31 December 2018
GPMs given by the Group		
A- Total amount of the GPMs given in the name of its own legal entity	59.220.529	54.211.370
B- Total amount of the GPMs given on behalf of fully consolidated companies	1.330.120	44.055.465
C- CPMs given on behalf of the other third parties debt for the continuation of their ordinary economic activities	--	--
D- Total amount of other GPMs		--
i- Total amount of GPMs given on behalf of parent company shareholder	--	--
ii- Total amount of CPMs given on behalf of other group companies which do not fall into the scope of items B and C	--	--
iii- Total amount of GPMs given on behalf of third parties which do not		
	60.550.649	**98.266.835**

The details of the CPMs given by the Group as at 31 December 2019 and 2018 are as follows :

Type	Given to	31 December 2019	31 December 2018
Letter of guarantee	Government agencies	2.305.770	752.800
Letter of guarantee	Suppliers	--	150.000
Letter of guarantee	Banks*	24.561.557	52.508.570
Guarantee	Gentas Italy **	1.330.120	1.205.600
Guarantee	Genmar Yapı (Genart)***	--	20.043.800
Guarantee	5K****	31.481.202	22.806.065
Letter of guarantee	Other	872.000	800.000
		60.550.649	**98.266.835**

* 3.693.134 Euro
** 200.000 Euro
*** None
**** 1.170.000 Euro and 23.700.000 TL

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

20.3 Provided / received guarantees, pledge and mortgages ("GPM") (Continued):

b) GPMs received

Type	Obtained from	31 December 2019	31 December 2018
Letter of guarantee	Customers	2.230.046	2.039.435
Mortgage	Customers	2.900.000	1.300.000
Guarantee	Genmar Yapı (Genart)	249.376.075	193.005.305
		254.506.121	**196.344.740**

NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

Within the scope of the investment incentive certificate of the company and GBS Gentaş, it benefits from VAT exemption, customs exemption, corporate tax discount (15% of the investment) and 2-year SSK employer premium support.

NOTE 22 – EMPLOYEE BENEFITS

Provision for employee termination benefits

Within the framework of the existing laws in Turkey, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or completes a total of 20 years of service for women and 25 years for men or achieves the retirement age. Monthly severance pay ceiling should not be exceeded in the calculations.

The employment termination benefits to be paid as of the date of 31 December 2019 is calculated over the monthly severance pay ceiling of TL 6.730, valid starting from 1 January 2020 (31 December 2018 : TL 6.017,60).

The employment termination benefits liability is not subject to any legal funding.

Employment termination benefits liability is calculated according to the estimated present value of the potential future liability arising out of the retirement of the Group employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed in order to estimate the liabilities of the company under defined benefit plans. Accordingly, actuarial assumptions that were used in the calculation of the total liabilities are specified below.

The main assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the applied discount rate represents the expected real rate after the correction of future inflation effects. As of 31 December 2019, the provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of the employees. As of December 31, provisions are calculated with a real discount rate of 3.35% based on the assumption of an annual inflation rate of 8.90% and a discount rate of 12.55% (31 December 2018: 3.40 real discount rate). The estimated rate of severance pay amounts that will not be paid as a result of voluntary leave of employment and will remain in the Group is also taken into consideration.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 22 – EMPLOYEE BENEFITS (Continued)

The movement table of the account for the provision for employment termination benefits of the Group as at 31 December 2019 and 2018 are as follows :

	31 December 2019	31 December 2018
Balance at 1 January	**4.344.894**	**2.779.829**
Payments	(3.228.209)	(773.801)
Interest cost	166.155	82.531
Current service cost	2.631.983	1.215.708
Actuarial (gains) / losses	593.039	1.040.627
Business combinations effect	885.178	--
Balance at 31 December	**5.393.040**	**4.344.894**

NOTE 23 – OTHER ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Other current assets		
Deferred VAT	7.375.975	5.259.567
Other	--	7.482
	7.375.975	**5.267.049**

	31 December 2019	31 December 2018
Other short term liabilities		
VAT	670.902	656.789
Accrued expenses	1.995.479	873.421
Lease obligations	519.542	--
	3.185.923	**1.530.210**

	31 December 2019	31 December 2018
Other long term liabilities		
Lease obligations	298.251	--
	298.251	**--**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 24 – EQUITY

The capital of the company is 145.000.000 TL and it is divided into 14.500.000.000 shares, each of which is written from 0,01 TL (31 December 2018: 118.800.000 TL). The partnership structure of the Company as of December 31, 2019 and December 31, 2018 is as follows:

	31 December 2019		31 December 2018	
	Share	**Amount**	**Share**	**Amount**
Genmar Yapı (Genart)	6,12	8.868.334	6,12	7.265.918
M. Ziya KAHRAMAN	11,02	15.979.504	12,34	14.657.688
Abdurrahman KAHRAMAN (Tahsin Oğlu)	11,14	16.156.197	10,02	11.905.078
Seyit Mehmet MUTLU	6,83	9.899.175	5,99	7.110.497
Tahsin Kahraman	5,00	7.250.001	3,83	4.550.000
Other	59,89	86.846.789	61,71	73.310.819
	100,00	**145.000.000**	**100,00**	**118.800.000**

The Company increase its capital by bonus issue amounting TL26.200.000 (2018: TL 8.800.000)

Restricted reserves

	31 December 2019	31 December 2018
Legal reserves	16.967.576	11.833.302
Profit of sale of investments	5.297	93.672
Profit of sale of property	4.052.487	3.674.096
	21.025.360	**15.601.070**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5 % per annum, until the total reserve reaches 20 % of the paid in share capital. The second legal reserves, on the other hand, is 10 % of the distributed profits exceeding 5 % of the paid in share capital. According to the Turkish Commercial Code, 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.

Actuarial gain / loss fund for provision for employee termination benefits

With the amendment made in the TAS - 19 "Employee Benefits" the actuarial losses and earnings taken into consideration in the calculation of the provision for employee termination benefits are not allowed to be accounted for in the statement of income. The losses and earnings that occurred in consequence of the change in the actuarial assumptions are accounted for in the equity.

Previous years profit

	31 December 2019	31 December 2018
Extraordinary reserves	62.272.928	58.086.783
Retained earnings	(4.720.390)	752.405
	57.552.538	**58.839.188**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 24 – EQUITY (Continued)

Non-controlling interests
The amounts corresponding to the minority interests outside of the interests of the parent company and subsidiaries are deduced from the entire account group of equity capital within the scope of consolidation including paid in / issued capital and displayed in the equity capital account group of the consolidated balance sheet under the account group name of "Non-controlling interests".

Effect of business combination under common control
The positive / negative difference occurring during the initial recognition of business combinations occurring under common control is accounted under equity. The related balance resulted from the acquisition of Genmar Orman, which the Group acquired in 2012, and the merger of Genmar Orman and Genmar Yapı (formerly Genart) in 2019 (Note 36).

Foreign currency translation
Exchange differences arising from translation of Gentas Italy financial statement into TL

Adjustment of cross shareholding
The Company shares are held by Genmar Yapı and Gentaş Kimya. All shares owned by Genmar Yapı and the Group's percentage of the share owned by Gentaş Kimya are recognized as "cross shareholding adjustment" (31 December 2018: TL 7.265.918 owned by Gentaş Kimya). The difference between the cost value and the nominal values of the related shares has been offset from the "Retained earnings" account.

Profit distribution
According to the Series: II, No: 19.1 "Dividend Communiqué", the partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation. Dividends are distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates. Unless the reserve funds required to be allocated according to the TCC and the profit share determined for the shareholders in the articles of association or profit distribution policy are not reserved; it is not possible to decide to allocate other reserves, to transfer profits for the following year and to distribute dividends to beneficiary shareholders, members of the board of directors, shareholders and non-shareholders. The dividend distribution table must be disclosed to the public at the latest when the agenda of the ordinary general assembly is announced. Losses of partnerships in previous years; In the calculation of the net distributable period profit, the portion exceeding the sum of the total legal reserves including previous years profits, premiums related to shares, and the sum of the equity items excluding capital, adjusted for inflation accounting is considered as discount item in the calculation of net distributable period profit.

In 2019, the Company distributed dividends to TL 9.851.557 (TL 0.0823 per share with a nominal value of TL 1) (2018: TL 7.831.587, TL 0.150588 per share)).

As long as it can be met from the resources in the legal records of companies, it has been allowed to calculate the amount of profit they will distribute by taking into account the net period profits in the financial statements prepared within the framework of the Communiqué Serial: II No: 14.1. According to the legal records of the company, the distributable resources are as follows;

	31 December 2019	**31 December 2018**
Extraordinary reserves	24.650.195	32.766.661
Net profit for the year	36.963.645	32.973.303
	61.613.840	**65.739.964**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 25 – REVENUE AND COST OF SALES

	1 January – 31 December 2019	**1 January – 31 December 2018**
Domestic sales		
Laminat sales	147.132.831	205.603.248
Werzalit sales	34.377.095	31.919.597
Other sales	70.924.954	36.373.954
	252.434.880	**273.896.799**
Overseas sales		
Laminat sales	139.613.455	136.246.639
Werzalit sales	1.689.043	634.386
Other sales	5.201.383	20.349.384
	146.503.881	**157.230.409**
Other sales	**1.681.869**	**853.993**
	400.620.630	**431.981.201**
Sales returns	(2.548.363)	(5.463.493)
Sales discounts	(2.403.317)	(1.491.589)
Total Revenue	**395.668.950**	**425.026.119**

	1 January – 31 December 2019	**1 January – 31 December 2018**
Raw materials expensed	118.619.766	137.462.021
Direct labor cost	15.659.365	13.884.085
General production cost	78.687.795	74.459.918
Cost of goods produced	**212.966.926**	**225.806.024**
Change in semi-finished goods	(734.046)	(227.446)
Change in goods	15.752	(11.643.500)
Cost of goods sold	**212.248.632**	**213.935.078**
Merchandise at the beginning	11.092.771	8.278.596
Additions	106.516.181	105.857.828
Merchandise at the end	(7.842.376)	(10.692.577)
Cost of merchandises sold	**109.766.576**	**103.443.847**
Total cost of sales	**322.015.208**	**317.378.925**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOT 26 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January – 31 December 2019	1 January – 31 December 2018
Research and development expenses		
Material expenses	351.275	270.698
Consultancy fee	271.046	210.316
Test expenses	303.347	297.020
Personnel expenses	309.400	155.216
Depreciation expenses	5.853	6.659
Other	278.843	284.127
	1.519.764	**1.224.036**
General administrative expenses		
Personnel expenses	13.560.323	10.937.042
Depreciation and amortization expenses	1.742.411	1.312.461
Consultancy expenses	1.216.849	1.119.745
Taxes, levies and duties	900.176	704.812
Material costs	772.868	456.720
Rent and insurance expenses	606.147	662.061
Banking transactions expenses	363.421	426.007
Travel expense	341.721	236.250
Communication expenses	194.179	226.152
Representation and hosting expenses	159.485	80.377
Maintenance and repair expenses	380.805	560.032
Energy expenses	200.462	128.887
Other expenses	3.547.157	2.129.161
	23.986.004	**18.979.707**
Sales and distribution expenses		
Personnel expenses	5.739.787	5.786.526
Export expenses	2.895.361	2.821.754
Commission expenses	4.402.755	2.202.746
Advertisement expenses	1.591.296	2.509.767
Fair expenses	2.272.315	1.649.657
Premium expenses	1.902.818	1.546.609
Transportation expenses	809.443	1.644.980
Rent and insurance expenses	1.827.997	1.683.605
Material costs	461.213	677.330
License expenses	263.796	241.059
Travel expenses	724.058	968.859
Depreciation and amortization expenses	794.964	791.858
Other	3.911.869	2.001.661
	27.597.672	**24.526.411**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 27 – EXPENSES BY NATURE

	1 January – 31 December 2019	1 January – 31 December 2018
Raw materials and supplies expenses	118.619.766	137.462.021
Merchandise cost	109.766.576	103.443.847
Indirect material costs	45.557.590	46.286.491
Personnel expenses	43.302.362	40.723.440
Depreciation and amortization expenses	10.045.741	8.602.477
Energy expenses	8.848.791	7.066.426
Export expenses	2.895.361	2.821.754
Commission expenses	4.402.755	2.202.746
Advertisement expenses	1.713.104	2.646.547
Premium expenses	1.902.818	1.546.609
Other expenses	28.063.784	9.306.721
	375.118.648	**362.109.079**

NOTE 28 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January – 31 December 2019	1 January – 31 December 2018
Other income		
Financial income due to credit sales	4.050.548	15.603.169
Foreign exchange income	10.057.327	27.896.635
Cancelled provision for doubtful receivables	1.312.054	433.595
Overdue income	244.844	289.739
Other	2.056.495	2.733.566
	17.721.268	**46.956.704**

	1 January – 31 December 2019	1 January – 31 December 2018
Other expense		
Doubtful receivables expense	5.632.594	7.711.655
Foreign exchange loss	7.090.877	30.768.112
Financial expenses due to credit sales	2.000.587	8.491.930
Other	2.643.687	1.441.674
	17.367.745	**48.413.371**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 29 – INCOME / EXPENSE FROM INVESTING ACTIVITIES

	1 January – 31 December 2019	1 January – 31 December 2018
Income from investing activities		
Interest income	518.277	389.721
Rental income	1.308.130	1.204.606
Gain on sale of tangible assets	--	4.788.214
Foreign exchange income	883.488	487.795
Other	19.393	9.805
	2.729.288	**6.880.141**

	1 January – 31 December 2019	1 January – 31 December 2018
Expenses from investing activities		
Loss on sale of tangible assets	1.507.637	--
Loss on sale of financial investment	252.743	303.184
	1.760.380	**303.184**

NOTE 30 – FINANCE EXPENSES

	1 January – 31 December 2019	1 January – 31 December 2018
Finance expenses		
Interest expenses	5.256.101	7.601.706
Foreign exchange loss / (income),net	4.152.232	11.414.160
Other	253.254	--
	9.661.587	**19.015.866**

NOTE 31 – INCOME TAXES

Corporate tax

The required provisions are reserved in the accompanying consolidated financial statements for the estimated tax liabilities with regards to the current period operating results of the Group.

The corporate tax rate to be accrued over the taxable corporate income is based on the remaining tax after deducting the expenses that cannot be deducted from the tax base and the tax exemptions, non-taxable income and other discounts (if any, previous year losses and investment discounts, if preferred). it is calculated. The corporate tax rate applied in 2019 is 22% (2018: 22%). The corporate tax rate was determined as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020 with the "Law Amending Some Tax Laws and Other Laws" numbered 7061 published on December 5, 2017 ("Law No. 7061").

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 31 – INCOME TAXES

Corporate tax (continued)

Advance tax in Turkey is calculated as three-month period and are accrued. The advance tax rate that needs to be calculated over the corporate earnings at the taxation stage of 2019 corporate earnings as of temporary tax periods is 22%. (2018: 22%). The rate related to Law No. 7061 has been determined as 22% for 2018, 2019 and 2020 as of May 14, 2018. Losses can be carried for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from the profits in the previous years..

With regards to the taxes to be paid in Turkey, there is no practice of reconciliation with the tax authority. The corporate tax returns are submitted to the respective tax office until the evening of the last day of the fourth month following the month that the accounting period is closed. Notwithstanding, the tax authorities have the right to audit tax returns may inspect the related accounting records for a period of five years and in case an erroneous transaction is detected, then the amounts of taxes payable may change.

In addition to the corporate tax, except for those distributed to fully obliged institutions that acquire share from profits in the event they are distributed and declares these shares from profits by including them into the earnings of the institution, and to the braches of foreign companies in Turkey, income tax withholding should separately be calculated over the shares of profits. The income tax withholding is applied at the rate of 15 %.

The tax legislation in Turkey does not permit a parent company and the entities in the scope of consolidation to file a consolidated tax return. Therefore, the tax provisions as reflected in the consolidated financial statements have been calculated separately on entity basis.

The corporate tax liabilities reflected to the balance sheet of the Group as at 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
Current tax liabilities		
Corporate tax provision	3.489.419	8.526.072
Prepaid taxes and funds	(2.388.684)	(8.440.779)
Corporate tax payable	**1.100.735**	**85.293**

The corporate tax liabilities reflected to the statement of income of the Group as at 31 December 2019 and 2018 are as follows :

	31 December 2019	**31 December 2018**
Income tax income / (expense)		
Current corporate tax	(3.481.607)	(8.526.072)
Deferred income tax benefit / (expense)	841.495	456.216
	(2.640.112)	**(8.069.856)**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 31 – INCOME TAXES

Corporate tax (continued)

The reconciliation of the tax expense of the period with the income for the period is as follows :

	1 January – 31 December 2019	**1 January – 31 December 2018**
Profit before tax	**14.063.119**	**56.323.474**
Tax calculated over 20 % local tax ratio	3.093.886	12.391.164
Tax effect of the legally disallowable expenses	1.294.471	701.138
Tax effect of the exceptions and discounts to be deducted	(6.714.909)	(6.130.321)
Other	4.966.664	1.107.875
Corporate tax payable	**2.640.112**	**8.069.856**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 31 – INCOME TAXES

Deferred tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based legal financial statements and financial statements prepared in accordance with TAS / TFRS. These differences generally result from the fact that some income and expense items are included in different periods in the financial statements based on tax and financial statements prepared in accordance with TAS / TFRS. These differences are stated below. In the calculation of deferred tax assets and liabilities, tax rates expected to be applied during the periods when the assets turn into income or the debts are paid (22% for 2018,2019 and 2020 and 20% for other periods) are taken into account (31 December 2018: 22%).

	31 December 2019		**31 December 2018**	
	Cumulative differences	Assets/ (Liabilities)	Cumulative differences	Assets/ (Liabilities)
Net difference between the book values and tax values of the inventories	5.613.331	1.234.933	5.863.031	1.289.867
Tangible and intangible assets	(12.834.940)	(2.566.988)	(11.977.056)	(2.395.411)
Provision for employment termination benefits	4.976.666	995.333	4.067.915	813.583
Deferred financial income	297.725	65.500	362.361	79.719
Deferred financial expense	(326.021)	(71.725)	(788.407)	(173.450)
Provision for doubtful receivables	10.569.068	2.325.195	4.738.183	1.042.400
Unused vacation	2.943.516	600.945	2.333.651	473.050
Bank loans	12.399	2.728	14.095	3.101
Lease obligations	817.793	179.915	--	--
Deferred tax assets	25.230.498	5.404.549	17.379.236	3.701.720
Deferred tax liabilities	(13.160.961)	(2.638.713)	(12.765.463)	(2.568.861)
Deferred tax assets, Net		**2.765.836**		**1.132.859**

The movements of the deferred tax assets / liabilities of the Group are as follows ;

	31 December 2019	**31 December 2018**
Balance at 1 January	1.132.859	468.517
Deferred tax income / (expense)	841.495	456.216
Reflected to equity	118.608	208.126
Business combinations effect	672.874	--
31 December	**2.765.836**	**1.132.859**

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 32 – EARNINGS / (LOSSES) PER SHARE

Earnings per share are calculated by dividing the net income of the shareholders by the weighted average number of ordinary shares. The earnings per share of the Group as at 31 December 2019 and 2018 are as follows :

	1 January – 31 December 2019	**1 January – 31 December 2018**
Net income for the year	10.871.208	41.454.448
Weighted average number of the issued ordinary shares	14.500.000.000	14.500.000.000
Earnings per 100 share (TL)	**0,075**	**0,286**

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Company aims at increasing its profits by ensuring the sustainability of its operating activities on the one hand, while using its equity capital balance at the most efficient manner, on the other. The capital structure of the Company is composed of equity capital items containing payables also including credits, cash and cash equivalents and issued capital respectively, profit reserves as well as retained earnings.

The general strategy of the Company overall does not display any difference from the previous period. The table of the major risks that the Group is exposed to is provided as follows ;

Credit risk

Credit risk is the risk of failure by a party among those who made investment on a financial instrument to fulfill its liabilities, incurring financial losses to the other party. The Company manages the credit risk by restricting its transactions with certain third persons and continuously reviewing the credit risks of third persons.

The credit risk of the Group results predominantly from its trade receivables.

(Currency in Turkish Lira (“TL”) unless otherwise stated).

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The Group’s financial instruments exposed to credit risk and their amounts are as follows ;

	Trade receivables		**Other receivables**	**Banks**
Current year	**Other**	**Related**	**Other**	
Maximum credit risk exposure as of reporting date (A+B+C+D) [1]	**56.489.172**	**3.486.589**	**9.375.078**	**33.971.193**
Collateralized or secured with guarantees part of maximum credit risk	--	--	--	--
A. Neither past due nor impaired	56.489.172	3.486.589	9.375.078	33.971.193
B. Past due but not impaired	--	--		
- Guaranteed amount by commitment	--		--	--
C. Net book value of impaired assets	--	--	--	--
- Past due (Gross amount)	33.545.815	--	--	--
- Impairment (-) (-)	(33.545.815)	--	--	--
D. Off-balance sheet items with credit risk	--		--	--

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

	Trade receivables		**Other receivables**	**Banks**
Previous year	**Other**	**Related**	**Other**	
Maximum credit risk exposure as of reporting date (A+B+C+D) [1]	**54.460.210**	**23.803.312**	**5.049.530**	**17.599.639**
Collateralized or secured with guarantees part of maximum credit risk	--	--	--	--
A. Neither past due nor impaired	54.460.210	23.803.312	5.049.530	17.599.639
B. Past due but not impaired	--	--		
- Guaranteed amount by commitment	--		--	--
C. Net book value of impaired assets	--	--	--	--
- Past due (Gross amount)	22.547.797	--	--	--
- Impairment (-) (-)	(22.547.797)	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Likidite riski

Liquidity risk is the possibility of the failure to perform net funding liabilities by the Group. The Group management manages the liquidity risk by distributing the funding sources and making available sufficient amount of cash and equivalent resources in order to fulfill its possible obligations

The liquidity risk table of the Group is as follows ;

31 December 2019

Contractual cash flows	Book value	Contractual cash outflow totals	less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years
	77.326.803	**77.652.824**	**56.528.465**	**2.897.959**	**4.533.471**	**2.793.146**	**10.899.783**
Borrowings	29.396.277	29.396.277	8.271.918	2.897.959	4.533.471	2.793.146	10.899.783
Trade payables	46.484.988	46.811.009	46.811.009	--	--	--	--
Other payables	1.445.538	1.445.538	1.445.538	--	--	--	--

31 December 2018

Contractual cash flows	Book value	Contractual cash outflow totals	less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years
	84.955.370	**85.743.777**	**54.792.647**	2.653.024	9.258.946	1.507.000	17.532.160
Borrowings	54.793.878	54.793.878	23.842.748	2.653.024	9.258.946	1.507.000	17.532.160
Trade payables	29.615.137	30.403.544	30.403.544	--	--	--	--
Other payables	546.355	546.355	546.355	--	--	--	--

Market riski

Market risk is the changes in interest rates, exchange rates and values of other financial contracts, which has a negative impact of the Group. The fluctuations to occur in the related instruments lead to changes in the statement of income and equity of the Group.

Interest rate risk

The Group's financial instruments with variable interest rate are not exposed to the interest rate risk as they do not have significance. Even though there is no risk in their bank credits with fixed interest rate and time deposits, for the continuation of their operations it is affected from the future interest rates for the credits and deposits in the coming periods.

As of 31 December 2019, the increase / decrease of 100 basis points in interest rates would decrease / increase the net profit of the period by TL 35.281 (31 December 2018: TL 38.188), assuming that other variables remained constant.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Currency risk

The financial instruments of the Group in foreign exchange are exposed to currency risk due to the changes in foreign exchange rates. The foreign currency position of the Group as at 31 December 2019 and 2018 are as follows :

31 December 2019	**TL equivalent**	**USD**	**Euro**
Monetary financial assets	25.581.519	1.081.463	2.880.554
Trade receivables	29.829.322	119.338	4.378.617
Current assets	**55.410.841**	**1.200.801**	**7.259.171**
Total assets	**55.410.841**	**1.200.801**	**7.259.171**
Trade payables	24.199.507	56.711	3.588.042
Borrowings	7.431.427	--	1.117.407
Short term liabilities	**31.630.934**	**56.711**	**4.705.449**
Borrowings	13.692.927	--	2.058.901
Long term liabilities	**13.692.927**	**--**	**2.058.901**
Total liabilities	**45.323.861**	**56.711**	**6.764.350**
Net Foreign Currency Position	**10.086.980**	**1.144.090**	**494.821**
Export	**236.179.683**	694.714	21.457.422
Import	**103.082.033**	260.384	15.217.201

31 December 2018	**TL equivalent**	**USD**	**Euro**
Monetary financial assets	16.223.957	199.017	2.517.742
Trade receivables	28.816.504	274.314	4.541.036
Current assets	**45.040.461**	**473.331**	**7.058.778**
Total assets	**45.040.461**	**473.331**	**7.058.778**
Trade payables	15.427.343	98.121	2.473.646
Borrowings	25.173.567	--	4.176.106
Short term liabilities	**40.600.910**	**98.121**	**6.649.752**
Borrowings	19.039.161	--	3.158.454
Long term liabilities	**19.039.161**	**--**	**3.158.454**
Total liabilities	**59.640.071**	**98.121**	**9.808.206**
Net Foreign Currency Position	**(14.599.610)**	**375.210**	**(2.749.428)**
Export	**166.971.188**	753.639	27.039.660
Import	**161.536.486**	8.036.974	19.783.447

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Currency risk(continued)

Sensitivity analysis;
As of December 31, 2019 and 2018, the pre-tax profit and equity would be as low / higher as the following amounts, provided that all other variables remained constant in the face of a 10% increase or decrease in foreign currency.

Foreign currency sensitivity table

	Profit / (Loss)		**Equity**	
31 December 2019	Increase in foreign currency	Decrease in foreign currency	Increase in foreign currency	Decrease in foreign currency
USD	679.612	(679.612)	679.612	(679.612)
Euro	329.086	(329.086)	329.086	(329.086)
	1.008.698	**(1.008.698)**	**1.008.698**	**(1.008.698)**

Foreign currency sensitivity table

	Profit / (Loss)		**Equity**	
31 December 2018	Increase in foreign currency	Decrease in foreign currency	Increase in foreign currency	Decrease in foreign currency
USD	197.394	(197.394)	197.394	(197.394)
Euro	(1.657.355)	1.657.355	(1.657.355)	1.657.355
	(1.459.961)	**1.459.961**	**(1.459.961)**	**1.459.961**

NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The current value is the amount that a financial instrument can be handed over in a current transaction, other than a compulsory sale or liquidation, between voluntary parties, and is best determined with the realized market price, if any.

Estimations are used in the estimation of current value and interpretation of the market data. Accordingly, the estimations presented hereby may not be able to display the amounts that the Group can acquire from an actual market transaction.

The methods and assumptions provided below are used to estimate the current value of each one of the financial instruments in the events where it is possible to determine the current value.

Financial assets
The carried values of the cash and cash equivalent financial assets are thought to be close to their current values. The carried values of trade receivables after the deduction of doubtful receivables are thought to be close to their current values. The monetary items in foreign currency are converted using the exchange rates as at the end of the period. Off board financial assets are displayed over their costs.

(Currency in Turkish Lira ("TL") unless otherwise stated).

NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES) (Continued)

Financial liabilities
The monetary items in foreign currency are converted using the exchange rates as at the end of the period. The trade payables and other monetary liabilities, as they are short term liabilities, are accepted to have current values close to their carried values. On the other hand, the carried values of the short term credits, due to their short term, are assumed to reflect the current value.

Categories for fair value measurements ;
The Group created 3 categories for the fair value measurements in order to comply with the implementations of TFRS 7. These categories are created according to the data used in the fair value measurements and provided as follows ;

1. Category : Price quoted in active markets
2. Category : Directly or indirectly detectable data other than quoted prices in the active market
3. Category : Information not based on any market data

The financial assets the fair values of which are measured according to the categories above are as follows :

	1.Category	2.Category	3.Category
B type liquid fund	830	--	--
Orta Anadolu İhr. Birl. (Mosaş A.Ş.)	--	--	7.635
Joint Purchasing Organization	--	--	64.260
	830	**--**	**71.895**

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

The Company applied to the CMB to extend the upper limit of the registered capital period and increase the upper limit of the registered capital from TL 120.000.000 to TL 235.000.000 valid until 2024, and the applications was approved by CMB due to approval of the general assembly of the Company.

On 24 February 2020, the company decided to make amendments in itsarticles of association in order to change its title in accordance with its main field of activity and to remove some articles that were not stipulated on the articles of association and applied to the CMB.

NOTE 36 – OTHER MATTERS

Genmar Orman which the Group holds a 96,5% share and Genmar Yapı (formerly Genart), which the Group holds a 48,04% share have decided to merge in accordance with Turkish Commercial Code 136,155,158 and related article of Corporate Tax Law.

Accordingly, the merger approval of the general assembly of Genmar Orman, were registered in Istanbul Trade Registry Directorate on 17 December 2019, and the merger approval of the general assembly of Genmar Yapı, were registered in Bolu Trade Registry Directorate on 18 December 2019. As a result of this merger based on legal balance sheet values, the Group's new partnership share become 62,70%.

NOTE 36 – OTHER MATTERS (Continued)

After this process, Genmar Yapı held a new extraordinary general assembly to change its title and increase its capital on 24 December 2019 and the related general assembly was registered on 31 December 2019.

Regarding the accounting of Genmar Orman which the Group has previously applied full consolidation method and Genmar Yapı (formerly Genart) which the Group has previously applied equity method ;

- Genmar Yapı was accounted for with the equity method until 31 December 2019 and As of 31 December 2019 accounted for with the full consolidations method.

- Genmar Orman was accounted for with the full consolidations method as of the merger date.

- The effects arising from the merger are accounted under the equity "business combinations under common control".