

REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

**(ENGLISH CONVENIENCE TRANSLATION OF INDEPENDENT AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

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REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
AUDITED
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2019 AND DECEMBER 31, 2018
(Amounts expressed in TL unless otherwise stated)

	Notes	Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
ASSETS			
CURRENT ASSETS		213.035.074	234.305.154
Cash and cash equivalents	7	131.453.544	97.277.401
Financial Investments	8	143	181.017
-Financial Assets at Fair Value Through Profit or Loss		143	181.017
--Other Financial Assets Measured at Fair Value Through Profit or Loss		143	181.017
Trade Receivables		53.732.485	63.787.324
-Trade Receivables Due From Related Parties	6	7.264.516	7.991.935
-Trade Receivables Due From Unrelated Parties	11	46.467.969	55.795.389
Other Receivables		5.712.207	35.316.465
-Other Receivables Due From Related Parties	6	4.821.101	33.278.031
-Other Receivables Due From Unrelated Parties	12	891.106	2.038.434
Inventories	14	4.782.452	1.985.976
Prepayments		11.643.728	22.759.077
-Prepayments to Related Parties	6	506.102	10.681.340
-Prepayments to Unrelated Parties	15	11.137.626	12.077.737
Current Tax Assets	18	703.861	1.414.779
Other current assets		5.006.654	11.583.115
-Other Current Assets Due From Related Parties	6	-	-
-Other Current Assets Due From Unrelated Parties	19	5.006.654	11.583.115
NON-CURRENT ASSETS		1.214.008.612	1.142.756.717
Other Receivables		1.360.216	1.410.397
-Other Receivables Due From Related Parties	6	-	-
-Other Receivables Due From Unrelated Parties	12	1.360.216	1.410.397
Inventories	14	29.773.907	29.742.179
Investments accounted for using equity method	22	26.443.171	26.149.201
Investment property	23	685.857.724	683.993.084
Property, plant and equipment	24	455.963.162	382.666.461
-Land and Premises	24	245.543.751	225.763.126
-Land Improvements	24	7.751.162	7.953.337
-Buildings	24	28.675.982	23.267.999
-Machinery And Equipment's	24	51.427.361	40.326.448
-Vehicles	24	47.202.231	40.407.185
-Fixtures and fittings	24	1.567.984	1.108.236
-Leasehold Improvements	24	1.280.681	1.403.800
-Construction in Progress	24	72.514.010	42.436.330
Intangible assets and goodwill	25	-	-
Prepayments		14.610.432	18.795.395
-Prepayments to Related Parties	6	-	-
-Prepayments to Unrelated Parties	15	14.610.432	18.795.395
Deferred Tax Asset	33	-	-
TOTAL ASSETS		1.427.043.686	1.377.061.871

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

REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
AUDITED
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2019 AND DECEMBER 31, 2018
(Amounts expressed in TL unless otherwise stated)

	Notes	Audited Current Period 31.12.2019	Audited Previous Period 31.12.2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current Borrowings	9	554.075.576	423.439.581
-Current Borrowings From Related Parties		554.075.576	423.439.581
--Bank Loans	9	514.568.725	386.331.335
--Leasing Debts	9	39.506.851	37.108.246
Trade Payables		65.992.526	48.290.133
-Trade Payables to Related Parties	6	29.879.533	24.308.632
-Trade Payables to Unrelated Parties	11	36.112.993	23.981.501
Employee Benefit Obligations	13	1.632.170	1.172.583
Other Payables		36.913.876	51.669.548
-Other Payables to Related Parties	6	18.603.387	41.342.118
-Other Payables to Unrelated Parties	12	18.310.489	10.327.430
Deferred Income		8.042.536	12.885.472
-Deferred Income From Unrelated Parties	15	8.042.536	12.885.472
Current tax liabilities, current	17	-	-
Current provisions		751.388	568.040
-Current provisions for employee benefits	20	751.388	568.040
-Other Current Liabilities to Unrelated Parties	20	-	-
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	667.057.079	746.669.949
-Long Term Borrowings From Unrelated Parties		667.057.079	746.669.949
--Bank Loans	9	623.709.424	686.171.290
--Leasing Debts	9	43.347.655	60.498.659
Other Payables		610.577	2.362.604
-Other Payables to Unrelated parties	12	610.577	2.362.604
Deferred Income	15	7.337.947	14.910.084
Non-current provisions		16.226.749	13.141.358
-Non-current provisions for employee benefits	20	3.924.069	4.638.599
-Other non-current provisions	20	12.302.680	8.502.759
Deferred Tax Liabilities	33	5.024.406	3.707.598
EQUITY			
Equity attributable to owners of parent			
Issued capital	26	119.350.000	119.350.000
Inflation Adjustments on Capital	26	40.859	40.859
Treasury Shares (-)	26	(2.177.230)	(2.177.230)
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		10.608.150	9.978.379
--Gains (Losses) on Revaluation and Remeasurement	26	10.608.150	9.978.379
---Increases (Decreases) on Revaluation of Property, Plant and Equipment	26	8.898.510	8.898.510
---Gains (Losses) on Remeasurements of Defined Benefit Plans	26	1.709.640	1.079.869
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	26	-	-
Restricted Reserves Appropriated From Profits		52.813.389	52.813.389
--Legal Reserves	26	11.118.347	11.118.347
--Treasury Share Reserves	26	2.177.230	2.177.230
--Profit from Sales of Participation Shares or Property that will be Added to Share Capital		39.517.812	39.517.812
Prior Years' Profits or Losses	26	(134.275.678)	(61.746.858)
Current Period Net Profit Or Loss		6.402.359	(72.528.820)
Non-controlling interests			
10.617.007			
12.515.202			
Total Liabilities and Equity		1.427.043.686	1.377.061.871

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

REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
AUDITED

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Amounts expressed in TL unless otherwise stated)

Profit or loss	Notes	Current Period 01.01.- 31.12.2019	Previous Period 01.01.- 31.12.2018
Revenue	27	662.132.343	541.498.558
Cost of sales (-)	27	(449.991.720)	(388.859.046)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		212.140.623	152.639.512
General Administrative Expenses (-)	28	(7.959.860)	(6.670.870)
Marketing Expenses (-)	28	(3.332.955)	(2.445.648)
Research and development expense (-)	28	-	-
Other Income from Operating Activities	30	36.909.543	36.914.300
Other Expenses from Operating Activities (-)	30	(34.594.657)	(24.890.545)
PROFIT (LOSS) FROM OPERATING ACTIVITIES (-)		203.162.694	155.546.749
Investment Activity Income	31	2.240.134	2.364.908
Investment Activity Expenses (-)	31	-	(117.274)
Share of Profit (Loss) from Investments Accounted for Using Equity Method	22	2.239.390	2.199.150
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		207.642.218	159.993.533
Finance income	32	49.899.113	217.297.104
Finance costs (-)	32	(248.234.490)	(484.046.060)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		9.306.841	(106.755.423)
Tax (Expense) Income, Continuing Operations (-)		(4.794.479)	(3.860.385)
- Current Period Tax (Expense) Income (-)	18	(3.642.720)	-
- Deferred Tax (Expense) Income (-)	33	(1.151.759)	(3.860.385)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		4.512.362	(110.615.808)
PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
PROFIT (LOSS)		4.512.362	(110.615.808)
Non-controlling Interests		(1.889.997)	(38.086.988)
Owners of Parent		6.402.359	(72.528.820)
Earnings Per Share From Continuing Activities	34	0,054	(0,608)
Earnings Per Share From Discontinued Activities		-	-
PROFIT (LOSS)		4.512.362	(110.615.808)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		621.573	(348.765)
Gains (Losses) on Remeasurements of Defined Benefit Plans	26	786.622	(428.396)
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		(165.049)	79.631
- Taxes Relating to Remeasurements of Defined Benefit Plans	33	(165.049)	79.631
OTHER COMPREHENSIVE INCOME (LOSS)		621.573	(348.765)
TOTAL COMPREHENSIVE INCOME (LOSS)		5.133.935	(110.964.573)
Total Comprehensive Income Attributable to:		5.133.935	(110.964.573)
- Non-controlling Interests		(1.898.195)	(38.089.687)
- Owners of Parent		7.032.130	(72.874.886)

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

REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES

AUDITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018.

(Amounts expressed in TL unless otherwise stated)

Notes	Issued Capital	Inflation Adjustments on Capital	Treasury Shares	Gains/Losses on Revaluation and Remeasurement [member]		Restricted Reserves Appropriated From Profits [member]	Retained Earnings		Equity attributable to owners of paren]	Non-controlling interests	Equity	
				Incrases (Decreases) on Revaluation of Intangible Asset	Gains (Losses) on Remeasurements of Defined Benefit Plans		Prior Years' Profits or Losses	Net Profit Increases (or Loss				
Balance, 1 January 2018	26	119.350.000	40.859	(2.177.230)	8.898.510	1.425.935	43.978.355	(38.230.591)	(15.196.625)	118.089.213	52.111.577	170.200.790
Transfers		-	-	-	-	-	8.849.833	(24.046.458)	15.196.625	-	-	-
Total Comprehensive Income (Loss)		-	-	-	-	(346.066)	-	-	(72.528.820)	(72.874.886)	(38.089.687)	(110.964.573)
Acquisition or Disposal of a Subsidiary		-	-	-	-	-	(14.799)	530.191	-	515.392	(1.506.375)	(990.983)
Other		-	-	-	-	-	-	-	-	-	(313)	(313)
Balance, 31 December 2018	26	119.350.000	40.859	(2.177.230)	8.898.510	1.079.869	52.813.389	(61.746.858)	(72.528.820)	45.729.719	12.515.202	58.244.921
Balance, 1 January 2019	26	119.350.000	40.859	(2.177.230)	8.898.510	1.079.869	52.813.389	(61.746.858)	(72.528.820)	45.729.719	12.515.202	58.244.921
Transfers		-	-	-	-	-	-	(72.528.820)	72.528.820	-	-	-
Total Comprehensive Income (Loss)		-	-	-	-	629.771	-	-	6.402.359	7.032.130	(1.898.195)	5.133.935
Balance, 31 December 2019	26	119.350.000	40.859	(2.177.230)	8.898.510	1.709.640	52.813.389	(134.275.678)	6.402.359	52.761.849	10.617.007	63.378.856

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

REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
AUDITED

CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Amounts expressed in TL unless otherwise stated)

	Notes	Current Period 01.01.-31.12.2019	Previous Period 01.01.-31.12.2018
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit (Loss)		4.512.362	(110.615.808)
Profit (Loss) from Continuing Operations		4.512.362	(110.615.808)
Adjustments to Reconcile Profit (Loss)		45.608.191	44.960.247
Adjustments for depreciation and amortisation expense	24-26	39.056.032	36.582.386
Adjustments for Impairment Loss (Reversal of Impairment Loss)	11	889.444	(727.604)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Financial Assets or Investments</i>		-	5.804.750
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	11	6.691.337	(6.532.354)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Tangible fixed assets</i>		(5.801.893)	-
Adjustments for provisions	20	3.898.510	1.177.716
Adjustments for losses (gains) on disposal of non-current assets	24-25	(2.240.134)	(1.304.203)
<i>Adjustments for Losses (Gains) Arised From Sale of Tangible Assets</i>		(2.240.134)	(1.304.203)
Adjustments for Interest (Income) Expenses	11	4.926.921	8.592.932
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	22	(2.239.390)	(2.199.150)
<i>Adjustments for undistributed profits of associates</i>	22	(2.239.390)	(2.199.150)
Adjustments for Tax (Income) Expenses	31	1.316.808	3.781.601
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations		-	(943.431)
Changes in Working Capital		42.439.077	(33.835.318)
Decrease (Increase) in Financial Investments		180.874	(156.990)
Adjustments for decrease (increase) in trade accounts receivable		3.867.098	(18.230.562)
<i>Decrease (Increase) in Trade Accounts Receivables from Related Parties</i>	6	727.419	(1.196.091)
<i>Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties</i>	11	3.139.679	(17.034.471)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		29.654.439	(4.507.386)
<i>Decrease (Increase) in Other Related Party Receivables Related with Operations</i>	6	28.456.930	(3.917.311)
<i>Decrease (Increase) in Other Unrelated Party Receivables Related with Operations</i>	12	1.197.509	(590.075)
Adjustments for decrease (increase) in inventories	14	(2.828.204)	(359.324)
Decrease (Increase) in Prepaid Expenses	15	15.300.312	(5.229.347)
Adjustments for increase (decrease) in trade accounts payable		18.151.282	(6.977.778)
<i>Increase (Decrease) in Trade Accounts Payables to Related Parties</i>	6	5.570.901	3.572.755
<i>Increase (Decrease) in Trade Accounts Payables to Unrelated Parties</i>	11	12.580.381	(10.550.533)
Increase (Decrease) in Employee Benefit Liabilities	13	459.587	(351.365)
Adjustments for increase (decrease) in other operating payables		(16.507.699)	(8.108.027)
<i>Increase (Decrease) in Other Operating Payables to Related Parties</i>	6	(22.738.731)	(11.161.403)
<i>Increase (Decrease) in Other Operating Payables to Unrelated Parties</i>	12	6.231.032	3.053.376
Increase (Decrease) in Deferred Income	15	(12.415.073)	(2.690.641)
Other Adjustments for Other Increase (Decrease) in Working Capital		6.576.461	12.776.102
<i>Decrease (Increase) in Other Assets Related with Operations</i>	19	6.576.461	13.081.523
<i>Increase (Decrease) in Other Payables Related with Operations</i>	19	-	(305.421)
Cash Flows from (used in) Operations		92.559.630	(99.490.879)
Income taxes refund (paid)	17-18	710.918	(1.533.561)
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Cash Inflows from Sale of Shares of Subsidiaries that doesn't Cause Loss of Control		-	2.574.559
Proceeds from sales of property, plant, equipment and intangible assets		3.064.394	2.432.797
<i>Proceeds from sales of property, plant and equipment</i>	24-25	3.064.394	2.432.797
Purchase of Property, Plant, Equipment and Intangible Assets		(82.883.382)	(131.065.519)
<i>Purchase of property, plant and equipment</i>	24-25	(82.883.382)	(131.065.519)
Cash Inflows from Sale of Investment Property		-	826.100
Cash Outflows from Acquisition of Investment Property		(26.356.359)	(16.026.338)
Interest received*		1.945.418	1.964.697
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Adjustments for Losses (Gains) Arised From Sale of Investment Property		643.490.195	716.864.630
<i>Proceeds from Loans</i>	9	604.117.058	656.562.405
<i>Proceeds from Other Financial Borrowings</i>		39.373.137	60.302.225
Repayments of borrowings		(598.469.624)	(526.421.529)
<i>Proceeds from Other Financial Borrowings</i>	9	(544.344.088)	(477.416.087)
<i>Cash Outflows from Other Financial Liabilities</i>		(54.125.536)	(49.005.442)
Other Cash Inflows (Outflows)	9	114.953	(49.875.043)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		34.176.143	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	34.176.143	(49.875.043)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	97.277.401	147.152.444
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		131.453.544	97.277.401

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

**REYSAŞ REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
31 DECEMBER 2019**

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

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

The main activity of the **REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET ANONİM ŞİRKETİ** (“Company”) is to operate in land sea and air transport with all kind of vehicles. The Company also operates in storage service activities through its own warehouses.

The main activity of **REYMAR TÜTÜN MAMÜLLERİ DAĞITIM VE PAZARLAMA LTD. ŞTİ.** (“Reymar”), the subsidiary of the Company, is to distribute and marketing of tobacco products.

The main activity of **REYSAŞ TAŞIT MUAYENE İSTASYONLARI İŞLETİM ANONİM ŞİRKETİ** (“Reysaş Taşıt Muayene”), the affiliate of the Company is to operate privatized the vehicle inspection stations.

The main activity of the **REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.** (“Reysaş GYO”), the affiliate of the Company, is to engage objects and fiels that is stated in the regulations of the Capital Market Board (CMB) regarding real estate investment trusts and is mainly to invest in real estates, capital market instruments based on real estates, real estate projects and property-based rights. As of December 31, 2019, the free float rate of the company is 38,06% (31 December 2018: % 38,53) and have been quoted on the Borsa İstanbul (“BIST”) and have been traded at the national market. The Company is subject to the registered capital system.

The main activity of the **ARI LOJİSTİK İNŞAAT SAN. VE TİC. ANONİM ŞİRKETİ** (“Arı Lojistik”), the subsidiary of the Company, is to acquire all kinds of vehicles and to carry out transportation with vehicles, to make brokerage, representative, agency, dealership and distributorship regarding its field of activity and to provide storage of commodities by transportation.

According to the resolution of the Board of Directors as of 28 March 2013, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., that has a nominal value of TL 3.050.000, representing 33.33% of its capital has purchased from Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. over the value of TL 16.836.000 which is determined by the independent company valuation work. After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at Arı Lojistik İnş. San.ve Tic. A.Ş.’s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%.

REYSAŞ DEMİRYOLU TAŞIMACILIĞI A.Ş. one of the subsidiaries of the Company, operates actively in domestic freight transportation with its own wagons. **REYSAŞ DEMİRYOLU YATIRIMLARI A.Ş.** operates in order to realize the Group’s long-term railway investments.

According to the resolution of the Ordinary General Assembly Meetings held for the year 2017, **Reysaş Demiryolu Taşımacılığı A.Ş.**, one of the subsidiaries of the Company, which owns 100% of its capital, and **Reysaş Demiryolu Yatırımları A.Ş.** one of the subsidiaries of the Company which owns 100% of its capital, has been approved to be merged together within the **Reysaş Demiryolu Taşımacılığı A.Ş.**, and registered in the Trade Registry Gazette dated 05.17.2018 and numbered 9580. As a result of the merging, the combination has not any impact on the consolidated financial statements.

REYSAŞ TURİZM YATIRIMLARI VE TİCARET VE LTD. ŞTİ., the affiliate company of the Company, started its Erzincan Hilton Hotel Construction investment in 2014. Hotel construction was completed and started its operations in 2015.

According to the resolution of the Board of Directors held on November 27, 2015, the Company decided to increase its nominal capital from TL 13.000.000 to TL 38.000.000. New capital of the Company has been registered in the Trade Registry Gazette dated December 11, 2015 and numbered

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8966. All the amount of TL 25.000.000 capital has been eliminated from the Reysaş Taşımacılık ve Lojistik A.Ş.’s current account.

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Cont’d)

According to the resolution of Board of Directors dated December 18,2015, the Company decided to purchase 34.21% of the shares of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti, which is 100% of the capital of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. In the valuation report dated 15.12.2015 and dated YMM.ÖA.466.1618.437 / 027 issued by Türkmen Bağımsız Denetim ve YMM A.Ş. the value of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti is determined as 40.295.922 TL. Based on the valuation report, as of 21.12.2015 the Company purchased 34,21% of Reysaş Turizm Yatırımları ve Tic. Ltd. Şti’s shares for TL 13.785.447. Reysaş Turizm Yatırımları ve Tic. Ltd. Şti., subsidiary of the Company, has been consolidated by equity method. The capital of the aforementioned subsidiary is TL 38.000.000 and the carried at cost in the Company is TL 13.785.447.

According to the decision of Capital Markets Board dated 10.03.2016 and numbered 9/287, Purchasing of Reysaş Turizm Yatırımları ve Tic. Ltd.Şti is not in compliance with the provisions of Article 28 of the Communiqué on Principles Regarding Real Estate Investment Trusts, and this matter shall be made an appropriate subsidiary in accordance with the provisions of Article 28 of the Communiqué within 3 months without prejudice to company.

As a result of works carried out by Reysaş GYO, Reysaş Turizm Yatırımları ve Tic. Ltd. Şti. has become an affiliate in compliance with the scope of Article 28 of the Communiqué mentioned in April / 2016 period and the supporting information and documents regarding this matter have been submitted to the Capital Markets Board.

In accordance with the resolution of the Board of Directors dated 29.12.2017 and numbered 415; It has been decided that the remaining 65.79% of the capital of Reysaş Turizm Yatırımları ve Tic.Ltd.Şti, will be purchased from Reysaş Taşımacılık ve Lojistik Tic.A.Ş at a price of TL 21.416.710. There has been no change in the Group’s share percentage.

In accordance with the resolution of the Board of Directors dated 30.05.2018 and numbered 502, It has been decided that **REYSAŞ YATIRIM HOLDİNG ANONİM ŞİRKETİ**, the subsidiary of the company which is owned 89.96% of its capital, was sold to Durmuş Döven for TL 2.574.559. As of 30 June 2018, the Company has been excluded from the scope of the Subsidiary.

The capital structures of Company’s affiliates and subsidiary which is accounted for using the equity method are as follows:

Reysaş Taşımacılık Ve Lojistik Ticaret A.Ş	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Publicly held part	76.456.399	64,06%	76.456.399	64,06%
Durmuş Döven	21.388.404	17,92%	21.388.404	17,92%
Rıfat Vardar	14.551.518	12,19%	14.551.518	12,19%
Other	6.953.679	5,83%	6.953.679	5,83%
Paid in Capital	119.350.000	100,00%	119.350.000	100,00%

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1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Cont'd)

Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Publicly held part*	93.618.300	38,06%	93.618.300	38,06%
Reysaş Taşımacılık ve Lojistik Ticaret A.Ş.	152.381.690	61,94%	152.381.690	61,94%
Other	11	0,00%	11	0,00%
Paid in Capital	246.000.001	100%	246.000.001	100%

*7,55% of publicly held shares belong to Egemen Döven.

Reymar Tütün Sanayi ve Ticaret Ltd. Şti.	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Reysaş Taşımacılık ve Lojistik Ticaret A.Ş.	25.492.500	99%	25.492.500	99%
Durmuş Döven	257.500	1%	257.500	1%
Paid in Capital	25.750.000	100%	25.750.000	100%

Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Reysaş Taşımacılık ve Lojistik Ticaret A.Ş.	11.418.800	95,16%	11.418.800	95,16%
Egemen Döven	576.200	4,80%	576.200	4,80%
Other	5.000	0,04%	5.000	0,04%
Paid in Capital	12.000.000	100%	12.000.000	100%

Reysaş Demiryolu Taşımacılığı. A.Ş.	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Reysaş Taşımacılık ve Lojistik Ticaret A.Ş.	5.700.000	100%	700.000	100%
Paid in Capital	5.700.000	100%	700.000	100%

Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti.	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	38.000.000	100%	38.000.000	100%
Paid in Capital	38.000.000	100%	38.000.000	100%

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1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Cont’d)

Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. (“Reysaş Lojistik”), has moved its operation address from “Abdurrahmangazi Mah. Bahriye Sok. No:8 Sancaktepe/İstanbul/Türkiye” to Küçük Çamlıca Mah. Erkan Ocaklı Sok. No:11 34696 Üsküdar/ İstanbul/Türkiye. Arı Lojistik İnşaat San. ve Tic. A.Ş., the Joint managing company, has continued its operations in Acıbadem Cad. Yaprak Sokak No: 5/7 Kadıköy İstanbul address. Group has 4 branches in Turkey including the main branch in İstanbul, Adapazarı, Bursa and Adana. Besides, Reysaş Taşıt Muayene A.Ş., has operated the vehicle inspection stations in Karabük, Bartın, Kastamonu, Tosya, Karadeniz Ereğli, Zonguldak, Eskişehir and Sivrihisar regions.

As of 31 December 2019 average number of personnel is 300 (31 December 2018: 246). The Group also employs personnel through its subcontractors. As of 31 December 2018, the average number of subcontracted worker is 474. (31 December 2018: 485).

As of December 31, 2019, the publicly listed shares of the company are 63,97% of the total shares. (31 December 2018: % 63,97).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Accounting Standards Used

The Group registered in Turkey maintains their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in

line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony

with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA. The consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 2 June 2016 by POA and the format and mandatory information recommended by CMB.

The functional currency of the Group is determined as Turkish Lira (“TL”). Group kept books of account in TL in accordance with the Turkish Commercial Code, Turkish Commercial Code and the Uniform Chart of Accounts issued by the Ministry of Finance.

Consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments and available for sale financial assets presented at fair values and revaluations

related to the differences between carrying value and fair value of tangible and intangible assets arising

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from business combinations.

The consolidated financial statements of the Group which was prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) accepted by the Public Oversight Accounting and Auditing Standards Authority of Turkey, have been approved by the Board of Directors on August 22, 2019. The General Assembly and/or legal authorities has the power to amend the financial statements after their publication.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2. Amendments to Financial Statements in Hyperinflationary Economies

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies” issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

2.3. Basis of consolidation

The consolidated financial statements include the accounts of the parent, Company, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

Subsidiaries are included in the scope of consolidation from the date of transfer of control to the Group and will be excluded from consolidation on the date that control is eliminated. In order to ensure consistency, the accounting policies applied by the subsidiaries are aligned with the accounting policies applied by the Group. The accounting policies of the subsidiary have been adjusted when necessary in order to align them with the policies adopted by the Group.

Financial statements of subsidiaries has been consolidated by using fully consolidation. In this context, the carrying value of the subsidiaries and their shareholders' equity have been netted, and the carrying value of the shares owned by the Company and the dividends arising from them, have been netted in the related shareholders' equity and income statement accounts.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

Equity Method

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Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group’s share.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.3.Basis of consolidation (cont’d)

According to the resolution of the Board of Directors as of 28 March 2013, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş., the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., that has a nominal value of TL 3.050.000, representing 33.33% of its capital has purchased from Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. over the value of TL 16.836.000 which is determined by the independent company valuation work. After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at Arı Lojistik İnş. San.ve Tic. A.Ş.’s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%. After the sale process, due to Reysaş Transportation and Logistics Trade Inc. has no shares in Arı Lojistik İnş. San.ve Tic. A.Ş., the scope of the consolidation has changed. Due to this change, Arı Lojistik İnş. San.ve Tic. A.Ş., the subsidiary of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş., are included and accounted in Reysaş GYO’s financial statements by using equity method. (Note: 22)

Company’s consolidation rates are as below;

Capital Structure	Partnership	Partnership
	interest (%)	interest (%)
	31 December 2019	31 December 2018
Reysaş Taşıt Muayene İstasyonları İşletim A.Ş.	95,16	95,16
Reymar Tütün Mamülleri Dağıtım ve Pazarlama Ltd. Şti.	99,00	99,00
Reysaş Demiryolu Taşımacılığı A.Ş.	100,00	100,00
Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.	61,47	61,47
Reysaş Turizm Yatırımları Ve Ticaret Ltd. Şti. (Effective Rate)	100,00	100,00

2.4 New Standards and Amendments in International Financial Reporting Standards

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019:

Amendment to IAS 40, ‘Investment property’ relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Amendments to IFRS 2, ‘Share based payments on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2019. This amendment clarifies the measurement basis for cash-settled, share-based payments

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and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 New Standards and Amendments in International Financial Reporting Standards (cont’d)

IAS 28 Investments in associates and joint venture

Effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRS 9 Financial instruments – Amendments

Effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 23 Uncertainty over income tax treatments

Effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law.

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

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Annual improvements 2015-2017

Effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, ‘Business combinations’; – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, ‘Joint arrangements’; – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, ‘Income taxes’; – a company accounts for all income tax consequences of dividend payments in the same way.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 New Standards and Amendments in International Financial Reporting Standards (cont’d)

Annual improvements 2015-2017 (cont’d)

- IAS 23, ‘Borrowing costs’; – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

-Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.5 Comparative information and restatement of preceding year financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior year in order to give accurate trend analysis regarding financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed where necessary.

The consolidated financial statements of Group has been presented in accordance with “TAS Taxonomy” which was published on 2 June 2016 by POA.

Going Concern Explanations

The financial statements of the Group were prepared according to Going Concern Principle assuming that the Group will benefit from the assets and fulfill the liabilities in the natural flow of operations within one year.

2.6 Netting/Offsetting

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Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.7 Changes in accounting policy

Group has applied consistent accounting policies in the preparation of consolidated financial statements presented except for the following changes and the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.7 Changes in Accounting Policy (cont’d)

Effect of changes in accounting estimates

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period’s financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

When the presentation or classification of financial statements is changed, prior period’s financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained. There is no significant change in accounting estimates of the Company during the current period.

Transition to IFRS 9 “Financial instruments”

Group has applied TFRS 9 “Financial instruments”, which has replaced TMS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach.

In accordance with this method, Group recorded the cumulative effect related to the transition of IFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with IAS 39.

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets:

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Financial assets	Available for sale financial assets	Fair value through other comprehensive income
Financial liabilities	Original classification under IAS 39	New classification under IFRS 9

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Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

Transition to IFRS 15 “Revenue from contracts with customers”

Group has applied IFRS 15 “Revenue from contracts with customers”, which has replaced IAS 18, by on the transition date, 1 January 2018. Prior year financial statements are not restated and these financial statements are presented in accordance with IAS 18.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.8 Errors and changes in accounting estimates

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in accounting estimates of the Company during the current period. When the presentation or classification of financial statements is changed, prior period’s financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

There is no significant change in accounting estimates of the Company during the current period.

2.9 Currency used and reporting currency

The functional currency of the Group is determined as Turkish Lira (“TL”). Group kept books of account in TL in accordance with the Turkish Commercial Code, Turkish Commercial Code and the Uniform Chart of Accounts issued by the Ministry of Finance.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are prepared and presented in Turkish Lira (“TL”)

2.10 Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 4). For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial instruments

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The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

According to IFRS 9 as from 1 January 2010, the group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

Financial instruments

(a) Financial assets at amortised cost

A debt investment is classified as ‘amortised cost’ only if both of the following criteria are met: the objective of the group’s business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as ‘fair value through profit or loss. The Group has classified their financial assets as financial assets to be measured at fair value.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within income / (expenses) from investing activities in the period in which they arise.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Revenue and Income

Revenue are measured on fair value of amount will be or have been charged. Estimated customer returns, rebates and provisions are deducted from the amount.

Sale of goods;

Proceeds from the sale of goods, is recognized when all the following conditions are met:

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- Group all the significant risks and rewards of ownership are transferred to the buyer
- The Group's and the continuing managerial involvement usually associated with ownership and effective control over the goods sold are the lack of
- The amount of revenue can be measured reliably
- The economic benefits associated with the transaction will flow to the entity being possible, and transaction costs incurred or to be incurred in a reliable way of measuring.

Rendering of services;

Revenue is recognized by reference to the stage of completion.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Construction contract activities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs.

Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

Interest income

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset.

Inventories:

Inventories are valued according to cost or new realizable values whichever is lower. Costs which include fixed or variable general production expenses are valued according to method which is suitable with the inventories' belonged class and weighted average method. Net realizable value is achieved by deducting approximate completion cost and total costs for selling from sales value of trade activity.

Group uses 'First in First out' method to calculate cost of inventories.

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Tangible Assets

Physical assets which is held and estimated to be used more than a period of time by the Group, for the purpose of producing goods and services or for administrative purposes are expressed with their cost values within the scope of cost model.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Leasehold improvements consist of expenditures made to rented property. Leasehold improvements are amortised during the lease term in case the useful life is longer than the lease term. Furthermore leasehold improvements are amortised over their useful lives in case the useful life is shorter than the lease term.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.10 Summary of Significant Accounting Policies (cont’d)

Tangible Assets

As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and they are recognized prospectively if there are any changes in estimates. (Note 16).

Cost Method

Tangible fixed assets reported at cost less accumulated depreciation and accumulated impairment losses, on the same basis.

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated. Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

Disposal of tangible fixed assets of the asset, or a gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement is determined.

Intangible Assets

Intangible Assets Acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated

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useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.10 Summary of Significant Accounting Policies (cont'd)

Investment Properties

Investment property comprises the properties held in order to acquire lease and/or value increment earning and is indicated with the cost value and other transaction costs involved. Investment properties are accounted for using the fair value model at the financial statements.

In case investment property is sold or becomes useless and is determined that it would not provide any economic benefit in the future it may be derecognized. Profit/Loss resulted from the end of usage period or sale of any investment property is included in the income statement in the period is generated.

Fair Value Method

Group operations after the initial recognition, the fair value method chosen and the fair value of investment property was measured by the method (Note 15).

The fair value of investment property gain or loss arising from the change in profit or loss in the period they occur are included.

Transfers, there is a change in use of the investment property is made. Fair value based on the monitored investment property, the owner, used by real estate class made a transfer, the transfer made after accounting treatment deemed cost at the aforementioned property's use shape change at the dates the fair value is. The owner used by a property's fair value basis to display an investment property if it converts , business , change in use occurred up to the date "Tangible Assets" in the accounting policy applies .

Real estate is located in the Group's own use of tangible fixed assets have been reclassified.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are

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tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting.

Leases

Operating leases

The Group as the lessee

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.10 Summary of Significant Accounting Policies (cont'd)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognized directly in the income statement. Borrowing costs are recognized directly in the income statement.

Related Parties

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a. The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties

Presence of one of the following criteria, are considered related party to the Group:

i) Use directly, or indirectly through one or more intermediaries:

- Controls the Group, or is controlled by the Group
- Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same);
- Has an interest in the Group that gives it significant influence over, or has joint control over the Group;

ii) the party is an associate of the Group;

iii) the party is a joint venture of the Group is a venturer;

iv) the party is a member of the key management personnel of the Group or its parent;

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v) the (i) or (iv) above, any individual is a close family member. vi) the entity that is controlled, jointly controlled or significantly influenced by, or (iv) or

(v) directly or indirectly, any individual referred to in Articles important to have an entity that is entitled to vote, or vii) the party is an entity that is a related party of the company or for the benefit of employees of the entity must have plans.

Related party transactions between related parties, resources, services or obligations, regardless of whether a price is charged to transfer.

Impairment of financial assets

Financial assets at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.10 Summary of Significant Accounting Policies (cont’d)

Impairment of financial assets

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio; and
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate

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determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

Financial liabilities

Financial liabilities and equity instruments issued by the Group is classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.10 Summary of Significant Accounting Policies (cont’d)

Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability

Other financial liabilities

Other financial liabilities, including financial liabilities, are initially accounted for at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. (Note 9)

Effects of Changes in Foreign Exchange

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The individual financial statements of each Group entity operates in the currency of the primary economic environment (functional currency) are presented. Each company's financial condition and results of operations of the Company, which is the functional currency and the presentation currency for the consolidated financial statements are expressed in TL.

During the preparation of the financial statements of the individual entities, denominated in foreign currencies (currencies other than TL) from the transactions, foreign exchange rates prevailing at the transaction date are recorded at. In the balance sheet foreign currency denominated monetary assets and liabilities using the exchange rates prevailing at the balance sheet date are translated into TL. Followed by the fair value of nonmonetary items denominated in foreign currencies which are those recorded at fair value as determined by rates prevailing on the date are retranslated. Measured in terms of historical cost in a foreign currency non-monetary items, are not retranslated.

Exchange differences, except as specified below, are recognized in profit or loss in the period in which they occur:

- Assets under construction for future productive use, which are associated with and on foreign currency borrowings are regarded as an adjustment to interest costs and the cost of such assets are included in the exchange rate differences,
- Risks arising from foreign currency (providing financial protection against risks related to the accounting policies described below) to provide financial protection against exchange differences arising from the operation,

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.10 Summary of Significant Accounting Policies (cont'd)

Effects of Changes in Foreign Exchange

In overseas activities of the net investment, forming part accounted in translation reserves and net investment in sales profit or loss associated with the unpaid intention or unlikely overseas operations arising from the monetary receivables and payables arising from exchange rate differences.

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

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

Shareholders have equal rights on the shares and there is no preferred share (Note 34).

Events after the Reporting Period

Events after the reporting period, the balance date and the date of approval of the financial statements to be published, in favor or against the Group refers to events that occur. According to perform smoothing, two types of situations can be identified:

- Events that require adjustment after the reporting period, the balance sheet date of the relevant facts showing there is evidence that the conditions of the situation,

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- Related events that occur after the reporting period showing improvements (non-adjusting events after the reporting period)

The accompanying financial statements of the Group in the reporting period, adjusting subsequent events have been registered and non-adjusting events after the reporting period are shown in the notes (Note 37).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.10 Summary of Significant Accounting Policies (cont'd)

Contingent Liabilities

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation cannot be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations (Note 19).

Contingent Assets

The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

All of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions (Note 22).

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

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Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or alternatively netted off with the cost of related asset.

Current and Deferred Income Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders’ equity (Note 33).

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Company operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment and available for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.10 Summary of Significant Accounting Policies (cont’d)

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Employment Termination Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders’ equity in the period in which they arise (Note 20).

Reporting of Cash Flows

The Group's net assets, financial structure, and the ability to affect the amounts and timing of cash flows, financial statement users to provide information about the cash flow statement holds. Cash flow statement, cash flows from operating, investing and financing activities are classified. Cash flows from operating activities, cash flows from operating activities of the Group.

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From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to financing activities, the resources used in financing activities of the Group and repayments. Cash and cash equivalents include cash, bank deposits and investments that are readily convertible into cash at short-term, highly liquid investments with original maturities of three months or less.

Capital and Dividends

Ordinary shares are classified as owner's equity. Dividends books after deducted from accumulated profit.

2.11 Significant Accounting Estimates

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below;

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.11 Significant Accounting Estimates (cont'd)

- a) Estimates have been used within the scope of IAS 15 "Construction Contracts" when the total cost of the project and project profitability are determined.
- b) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. As at 31 December 2018 with the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits.
- c) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate)
- d) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performance of third party receivables, market credibility's and performances from balance sheet date until the confirmation of financial statements taking into consideration.
- e) Inventory impairment calculates by using list price after discounts. Sales price imponderable inventories evaluated by determining of waiting time of inventories, physical conditions and technical staff opinion. Provision made if net realizable value under the cost value.
- f) While the determination provision for lawsuits, Group's legal advisors and Group Management's opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consodiration. Group Management determines lawsuit provision according to best estimations.

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3. BUSINESS COMBINATIONS

None. (31.12.2018: None).

4. INTEREST IN OTHER ENTITIES

None. (31.12.2018: None).

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5. SEGMENT REPORTING

Group has operated mainly in three area. The main activity of the Group is; real estate, transportation, warehouse and logistics service activities. The Group's other activities are vehicle inspection services and distribution and marketing of tobacco products.

01.01-31.12.2019	Real Estate Rental, Transportation, Warehouse, Logistics Services Activities	Vehicle Inspection Services Activities	Distribution and Marketing of Tobacco Products Activities	Total	Elimination	31.12.2019 Income Statement
Revenue	482.389.812	95.714.215	104.999.800	683.103.827	(20.971.484)	662.132.343
Cost of Sales (-)	(287.892.387)	(87.606.621)	(103.837.265)	(479.336.273)	29.344.553	(449.991.720)
Gross Profit / (Loss)	194.497.425	8.107.594	1.162.535	203.767.554	8.373.069	212.140.623
Research And Development Expenses (-)	-	-	-	-	-	-
Marketing Expenses (-)	-	-	(3.980.691)	(3.980.691)	647.736	(3.332.955)
General Administration Expenses (-)	(8.543.902)	(99.130)	(118.308)	(8.761.340)	801.480	(7.959.860)
Other Operating Income	34.426.939	1.072.374	2.634.985	38.134.298	(1.224.755)	36.909.543
Other Operating Expenses (-)	(23.560.287)	(10.373.969)	(660.401)	(34.594.657)	-	(34.594.657)
Operating Profit / Loss	196.820.175	(1.293.131)	(961.880)	194.565.164	8.597.530	203.162.694
Income from Investment Activities	2.140.559	-	-	2.140.559	99.575	2.240.134
Expenses from investment activities (-)	-	-	-	-	-	-
Share of profit/loss of investments accounted for using the equity method	10.139.929	-	-	10.139.929	(7.900.539)	2.239.390
Operating Profit / (Loss) Before Financial Income/(Expense)	209.100.663	(1.293.131)	(961.880)	206.845.652	796.566	207.642.218
Financial Income	57.113.818	3.639.067	378.354	61.131.239	(11.232.126)	49.899.113
Financial Expenses (-)	(255.647.764)	(3.475.950)	(339.428)	(259.463.142)	11.228.652	(248.234.490)
Profit / (Loss) From Continuing Operations Before Tax	10.566.717	(1.130.014)	(922.954)	8.513.749	793.092	9.306.841
Tax Income/(Expense), Continuing Operations						
- Current Period Tax Income (Expense)	(3.642.720)	-	-	(3.642.720)	-	(3.642.720)
- Deferred Tax Income/(Expense)	1.120.614	(2.280.046)	7.673	(1.151.759)	-	(1.151.759)
PROFIT (LOSS) FOR THE PERIOD	8.044.611	(3.410.060)	(915.281)	3.719.270	793.092	4.512.362
- Total Assets	1.757.965.980	54.664.217	36.085.908	1.848.716.105	(421.672.416)	1.427.043.689
- Total Liabilities	(1.366.153.561)	(32.994.261)	(15.378.817)	(1.414.526.639)	50.861.809	(1.363.664.830)
TOTAL SHAREHOLDERS' EQUITY	391.812.419	21.669.956	20.707.091	434.189.466	(370.810.607)	63.378.859

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5.SEGMENT REPORTING (cont’d)

	Real Estate Rental, Transportation, Warehouse, Logistics Services Activities	Vehicle Inspection Services Activities	Distribution and Marketing of Tobacco Products Activities	Total	Elimination	31.12.2018 Income Statement
01.01-31.12.2018						
Revenue	381.274.179	82.364.991	88.624.663	552.263.833	(10.765.275)	541.498.558
Cost of Sales (-)	(237.757.111)	(84.507.967)	(87.305.442)	(409.570.520)	20.711.474	(388.859.046)
Gross Profit / (Loss)	143.517.068	(2.142.976)	1.319.221	142.693.313	9.946.199	152.639.512
Research And Development Expenses (-)	-	-	-	-	-	-
Marketing Expenses (-)	-	-	(4.060.013)	(4.060.013)	1.614.365	(2.445.648)
General Administration Expenses (-)	(6.360.052)	(93.339)	(142.148)	(6.595.539)	(75.331)	(6.670.870)
Other Operating Income	40.643.330	1.234.737	318.789	42.196.856	(5.282.556)	36.914.300
Other Operating Expenses (-)	(23.656.989)	(173.553)	(115.315)	(23.945.857)	(944.688)	(24.890.545)
Operating Profit / Loss	154.143.357	(1.175.131)	(2.679.466)	150.288.760	5.257.989	155.546.749
Income from Investment Activities	2.364.908	3.534.945	-	5.899.853	(3.534.945)	2.364.908
Expenses from investment activities (-)	(117.274)	-	-	(117.274)	-	(117.274)
Share of profit/loss of investments accounted for using the equity method	9.449.027	-	-	9.449.027	(7.249.877)	2.199.150
Operating Profit / (Loss) Before Financial Income/(Expense)	165.840.018	2.359.814	(2.679.466)	165.520.366	(5.526.833)	159.993.533
Financial Income	222.005.982	4.204.888	-	226.210.870	(8.913.766)	217.297.104
Financial Expenses (-)	(484.714.343)	(7.926.029)	(374.858)	(493.015.230)	8.969.170	(484.046.060)
Profit / (Loss) From Continuing Operations Before Tax	(96.868.343)	(1.361.327)	(3.054.324)	(101.283.994)	(5.471.429)	(106.755.423)
Tax Income/(Expense), Continuing Operations						
- Current Period Tax Income (Expense)	-	-	-	-	-	-
- Deferred Tax Income/(Expense)	(1.935.321)	(1.941.585)	16.521	(3.860.385)	-	(3.860.385)
PROFIT (LOSS) FOR THE PERIOD	(98.803.664)	(3.302.912)	(3.037.803)	(105.144.379)	(5.471.429)	(110.615.808)
- Total Assets	1.715.577.670	63.213.288	30.775.788	1.809.566.746	(432.504.871)	1.377.061.875
- Total Liabilities	(1.332.099.469)	(38.454.765)	(9.163.888)	(1.379.718.122)	60.901.172	(1.318.816.950)
TOTAL SHAREHOLDERS' EQUITY	383.478.201	24.758.523	21.611.900	429.848.624	(371.603.699)	58.244.925

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6. RELATED PARTY DISCLOSURES

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties

a) Related party transactions;

	31 December 2019				
	Receivables		Prepaid Expenses	Payables	
	Trade Receivables	Other Receivables	Advances Given	Trade Payables	Other Payables
<u>Related Parties</u>					
Kolay Depo Depolama A.Ş.	-	-	-	-	1.437.534
Reyline Uluslararası Taşımacılık A.Ş.	-	-	-	23.817.780	-
Arı Lojistik	64.058	395.037	-	-	4.531.889
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	4.652.396	-	-	-	-
Persco Personel Tedarik Yönetimi	-	-	-	5.254.701	-
Rey Otel Turizm İşletmeciliği Ve Ticaret A.Ş.	1.315.329	1.828.040	-	65.300	-
Rey-Ta Reysaş Tarım Hayv.Gıda San.Tic.Ltd.Şti.	170.257	2.598.025	-	-	-
Reysaş Yatırım Holding A.Ş.	-	-	-	-	2.902.169
Deferred Finance Expenses (-)	(130.708)	-	-	(236.455)	-
Other	1.193.184	-	144.274	978.207	1.270.447
Partners (**)	-	-	-	-	8.461.348
Advances Given to Personnel	-	-	361.828	-	-
Total	7.264.516	4.821.101	506.102	29.879.533	18.603.387

(*)Rey Hava Tasimaciliği Ve Kargo Hizmetleri Ltd Şti., the name of the company, has been changed as Reysaş Antrepo İşletmesi A.Ş, and new company name was registered on 10.01.2019.

(**) The details of due from/to shareholders are as below;

31.12.2019	Other Receivables	Other Payables
Durmuş Döven	-	-
Egemen Döven	-	8.461.348
Total	-	8.461.348

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6. RELATED PARTY DISCLOSURES (cont’d)

(*)Rey Uluslararası Taş. Doğalgaz Akar.Dep. Dağıt. Ltd. Şti., the name of the company, has been changed as Reyline Uluslararası Taşımacılık Ltd.Şti., and new company name was registered on 15.08.2016.

	31 December 2018				
	Receivables		Prepaid Expenses	Payables	
	Trade Receivables	Other Receivables	Advances Given	Trade Payables	Other Payables
Related Parties					
Egemen Oto Kiralama A.Ş.	-	-	-	6.334.069	-
Kolay Depo Depolama A.Ş.	-	-	-	-	1.811.122
Remkar Taşımacılık Ve Danışmanlık Ltd. Şti.	-	-	10.452.701	-	-
Reysaş Antrepo İşletmesi A.Ş.(*)	-	8.503.175	-	-	-
Reyline Uluslararası Taşımacılık A.Ş.	-	-	-	13.781.574	-
Arı Lojistik	97.685	-	-	-	2.975.258
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	3.024.173	-	-	-	-
Persco Personel Tedarik Yönetimi	-	-	-	4.781.302	-
Rey Otel Turizm İşletmeciliği Ve Ticaret A.Ş.	4.533.281	-	-	9.581	226.822
Rey-Ta Reysaş Tarım Hayv.Gıda San.Tic.Ltd.Şti.	81.049	6.098.748	-	-	-
Reysaş Yatırım Holding A.Ş.	(523.574)	-	-	(597.894)	-
Deferred Finance Expenses (-)	-	17.976.108	-	-	-
Other	779.321	700.000	-	-	-
Partners (**)	-	-	-	-	36.328.916
Advances Given to Personnel	-	-	228.639	-	-
Total	7.991.935	33.278.031	10.681.340	24.308.632	41.342.118

(**) The details of due from/to shareholders are as below;

31.12.2018	Other Receivables	Other Payables
Durmuş Döven	-	10.000
Egemen Döven	-	36.318.916
Total	-	36.328.916

As of 31 December 2019, the annual average effective interest rate used for current accounts in TL is % 13,88-97, in USD is % 5,85 and in EURO is % 4,04-5,43. (31 December 2018: % 13,70-14 for TL, % 5,85 for USD, % 4,30-5,06 for EURO).

Compensations and attendance fees paid to key management for the 12 months period ended 31 December 2019 is 339.541 TL (31 December 2018: 347.172 TL).

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6.RELATED PARTY DISCLOSURES (cont’d)

b) Purchases from and sales to related parties;

Purchases from related parties for the periods 01 January 2019 – 31 December 2019

Purchases from related parties	Purchase of Services	Transportation	Rent	Other (Price Differences, Exchange Differences, Other)	Total
<u>Related Parties</u>					
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	3.128	-	2.764.159	-	2.767.287
Persco Personel Tedarik Yönetimi	31.355.588	-	-	696.190	32.051.778
Reyline Uluslararası Taşımacılık A.Ş.	51.887	41.319.131	-	1.926.156	43.297.174
Other	2.466.236	-	1.216.111	272.126	3.954.473
Total	33.876.839	41.319.131	3.980.270	2.894.472	82.070.712

REYSAŞ REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
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6.RELATED PARTY DISCLOSURES (cont’d)

b) Purchases from and sales to related parties (cont’d);

Purchases from related parties for the periods 01 January 2018 – 31 December 2018

Purchases from related parties	Purchase of Services	Transportation	Purchase of Goods	Purchase of Fixed Assets	Rent	Other (Price differences, Exchange differences,Other)	Total
<u>Related Parties</u>							
Egemen Oto Kiralama A.Ş.	879.100	-	-	-	3.643.184	663.924	5.186.208
Tasfiye Halinde Elmas Hizmet Tedarik Ve Tic. Ltd. Şti.	532.000	-	-	-	-	-	532.000
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	-	-	-	-	1.618.921	6.749	1.625.670
Persco Personel Tedarik Yönetimi	25.650.151	-	-	-	-	392.617	26.042.769
Reysaş Antrepo İşletmesi Anonim Şirketi(*)	927.000	-	-	-	-	-	927.000
Remkar Taşımacılık ve Dan.Ltd.Şti.	21.741.476	-	-	54.350.758	1.106	246.779	76.340.118
Rey Otel Turizm İşletmeciliği Ve Ticaret A.Ş.	672.606	-	-	-	-	-	672.606
Reyline Uluslararası Taşımacılık A.Ş.	-	31.662.791	-	-	-	581.316	32.244.107
Other	1.123.010	-	-	-	603.729	252.502	1.979.242
Total	51.525.343	31.662.791	-	54.350.758	5.866.940	2.143.887	145.549.720

(*)Rey Hava Tasimaciliği Ve Kargo Hizmetleri Ltd Şti., the name of the company, has been changed as Reysaş Antrepo İşletmesi A.Ş., and new company name was registered on 10.01.2019.

REYSAŞ REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
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6.RELATED PARTY DISCLOSURES (cont’d)

b) Purchases from and sales to related parties (cont’d);

Sales to related parties for the periods 01 January 2019 – 31 December 2019

Sales to related parties	Services	Transportation	Fixed Assets	Rent	Other (Price differences, Exchange differences,Other)	Total
<u>Related Parties</u>						
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	1.063.611	-	-	82.459	344.920	1.490.990
Rey Gıda Ürn.Yiy.İç Ve Ser.Hiz.Ltd.Şti.	5.669.722	-	-	2.416.500	618.357	8.704.579
Reyline Uluslararası Taşımacılık A.Ş.	740.553	1.161.241	-	16.500	651.149	2.569.443
Other	526.210	124.250	-	182.192	2.503.812	4.199.269
Total	8.000.096	1.285.491	862.804	2.697.651	4.118.238	16.964.281

REYSAŞ REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. AND ITS SUBSIDIARIES
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6.RELATED PARTY DISCLOSURES (cont’d)

b) Purchases from and sales to related parties (cont’d);

Sales to related parties for the periods 01 January 2018 – 31 December 2018

Sales to related parties	Services	Transportation	Goods	Fixed Assets	Rent	Other (Price Differences, Exchange Differences, Other)	Sales of Subsidiary	Total
Related Parties								
Tutan Doğalgaz Akary. Taşım. Dep. Turizm Ltd. Şti.	1.342.514	1.342.514	-	-	-	302.359	-	2.987.386
Tasfiye Halinde Elmas Hizmet Tedarik Ve Tic. Ltd. Şti.	-	-	-	-	-	2.276.495	-	2.276.495
Emir İstif Makinaları Sanayi Ve Ticaret A.Ş.	2.396.650	2.700	-	-	53.429	335.565	-	2.788.344
Rey Gıda Ürn.Yiy.İç Ve Ser.Hiz.Ltd.Şti.	-	-	-	-	-	27.188	-	27.188
Reysaş Antrepo İşletmesi Anonim Şirketi(*)	-	-	-	-	12.825	898.658	-	911.484
Zeyce Gayrimenkul Yatırım Ve Ticaret Ltd. Şti.	1.000	-	-	1.291.000	12.825	480	-	1.305.305
Kolay Depo Depolama A.Ş.	-	-	-	-	189.436	18.922	-	208.358
Remkar Taşımacılık ve Dan.Ltd.Şti.	-	-	-	-	-	1.326.969	-	1.326.969
Rey Otel Turizm İşletmeciliği Ve Ticaret A.Ş.	535.297	-	-	-	5.312.825	552.897	-	6.401.020
Reyline Uluslararası Taşımacılık A.Ş.	24.538	530.661	-	-	1.433.939	108.321	-	2.097.459
Rey-Ta Reysaş Tarım Hayv.Gıda San.Tic.Ltd.Şti.	-	-	-	-	83.825	497.492	-	581.317
Other	954	-	-	-	-	1.489.233	-	1.490.188
Durmuş Döven(*)	-	-	-	-	-	-	13.493.625	13.493.625
Total	4.300.954	1.875.874	-	1.291.000	7.099.105	7.834.580	13.493.625	35.895.138

(*)Rey Hava Tasimaciliği Ve Kargo Hizmetleri Ltd Şti., the name of the company, has been changed as Reysaş Antrepo İşletmesi A.Ş., and new company name was registered on 10.01.2019.

According to the resolution of Board of Directors dated 30.05.2018 and numbered 502, Reysaş Yatırım Holding Anonim Şirketi, the associate of which the Company owns 89.96% of its capital, was sold to Durmuş Döven for TL 2,574,559.

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7. CASH AND CASH EQUIVALENTS

As of the December 31, 2019 and 2018 cash and cash equivalents of the company are as below;

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash	260.967	222.011
Bank deposits		
- Time deposits(*)	123.649.634	92.485.983
- Demand deposits	5.918.226	2.648.146
Unearned finance expense	(14.011)	(2.304)
Other liquid assets	1.638.728	1.923.565
Total	131.453.544	97.277.401

As of 31 December 2019 blocked deposit amount is TL 13.300. (31 December 2018:13.300 TL)

(*)As of 31 December 2019, there have not been interest swap transaction. (31 December 2018: None)

As of 31 December 2019 and 31 December 2018 the Group’s time deposits of which the average maturity is less than 3 months are as below;

31.12.2019			
<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Amount</u>	<u>TL Equivalent</u>
TL	10,89-12,12%	101.380.484	101.380.484
USD	2,31-2,33%	716.824	4.258.080
EURO	0,10-0,67%	2.708.187	18.011.070
Total			123.649.634

31.12.2018			
<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Amount</u>	<u>TL Equivalent</u>
USD	24,53%	10.349.651	10.349.651
TL	4,18-4,33%	15.611.244	82.129.194
Total			92.478.845

8. FINANCIAL INVESTMENTS

As of 31 December 2019 and 31 December 2018 short term financial investments which the the fair value gain/ losses of financial assets reflected to other comprehensive income and classified as other financial assets are as below;

Fair value gain/ losses of financial assets reflected to other comprehensive

	<u>31 December 2019</u>	<u>31 December 2018</u>
BRL Liquid Fund	143	159.185
Gold Deposit Account	-	21.832
Total	143	181.017

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9. FINANCIAL LIABILITIES

a) Short term Borrowings from unrelated parties

Short term borrowings	31 December 2019	31 December 2018
Bank borrowings	514.568.725	386.331.335
Leasing payables	39.506.851	37.108.246
Total	554.075.576	423.439.581

Long term borrowings	31 December 2019	31 December 2018
Bank borrowings	623.709.424	686.171.290
Leasing payables	43.347.655	60.498.659
Total	667.057.079	746.669.949

Bank loans

As of 31 December 2019 short-term bank borrowings are summarized as below:

Currency	Total Amount	Internal Rate of Return	TL Equivalent
TL	217.526.479	%9,9-%37,88	217.526.479
USD	20.845.912	%4,23-%10,0	123.828.889
EURO	26.044.771	%2,23-%8,98	173.213.357
Total	-		514.568.725

As of 31 December 2018 short-term bank borrowings are summarized as below:

Currency	Total Amount	Internal Rate of Return	TL Equivalent
TL	180.319.298	%9,11-%18,90	180.319.298
USD	23.102.791	%3,43-%10,30	121.541.474
EURO	14.013.033	%4,23-%7,81	84.470.563
Total	-		386.331.335

As of 31 December 2019 long-term bank borrowings are summarized as below:

Currency	Total Amount	Internal Rate of Return	TL Equivalent
TL	156.504.690	%9,9-%37,88	156.504.690
EURO	38.074.150	%4,23-%10,0	226.168.066
USD	36.242.845	%2,23-%8,98	241.036.668
Total	-		623.709.424

As of 31 December 2018 long-term bank borrowings are summarized as below:

Currency	Total Amount	Internal Rate of Return	TL Equivalent
TL	184.379.484	%9,11-%18,90	184.379.484
EURO	54.057.977	%3,43-%10,30	284.393.613
USD	36.064.730	%4,23-%7,81	217.398.193
Total	-		686.171.290

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9. FINANCIAL LIABILITIES (Cont’d)

Bank loans (Cont’d)

The analysis of borrowings in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2019	31 December 2018
Up to 3 months	149.511.836	114.830.753
4 - 12 months	365.313.501	271.500.583
1-5 years	612.450.487	652.200.735
Over 5 years	11.002.325	33.970.554
Total	1.138.278.149	1.072.502.625

Leasing payables

As of 31 December 2019 the details of short term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	23.340.118	% 13,42-% 24,20	23.340.118
EURO	2.430.868	% 3,09-% 12,66	16.166.733
Total	-		39.506.851

As of 31 December 2018 the details of short term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	26.696.450	% 12,42-% 38,49	26.696.450
EURO	1.727.239	% 3,09-% 6,83	10.411.796
Total	-	-	37.108.246

As of 31 December 2019 the details of long term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	18.963.710	% 13,42-% 24,20	18.963.710
EURO	3.666.428	% 3,09-% 12,66	24.383.945
Total	-		43.347.655

As of 31 December 2018 the details of long term leasing payables are summarized as below:

<u>Currency</u>	<u>Total Amount</u>	<u>Internal Rate of Return</u>	<u>TL Equivalent</u>
TL	38.223.996	% 12,42-% 38,49	38.223.996
EURO	3.695.200	% 3,09-% 6,83	22.274.663
Total	-	-	60.498.659

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9. FINANCIAL LIABILITIES (Cont’d)

Leasing payables (Cont’d)

The analysis of borrowings in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2019	31 December 2018
Up to 3 months	9.897.326	8.584.604
4 - 12 months	28.524.285	27.542.400
1-5 years	44.432.895	61.479.901
Over 5 years	-	-
Total	82.854.506	97.606.905

10. OTHER FINANCIAL LIABILITIES

None. (31.12.2018: None).

11. TRADE RECEIVABLES AND PAYABLES

As of 31 December 2019 and 2018, Group’s trade receivables are as below:

Trade Receivables	31 December 2019	31 December 2018
Trade Receivables	51.295.536	52.463.674
<i>Trade receivables apart from related parties</i>	43.900.313	43.948.166
<i>Trade receivables from related parties (Not:6)</i>	7.395.223	8.515.508
Cheques and Notes Receivable	2.940.545	12.489.883
<i>Cheques and Notes Receivable apart from related parties</i>	2.940.545	12.489.883
<i>Cheques and Notes Receivable from related parties (Not:6)</i>	-	-
Doubtful Receivables	19.206.663	12.515.326
<i>Doubtful receivables apart from related parties</i>	19.206.663	12.515.326
<i>Doubtful receivables from related parties (Not:6)</i>	-	-
Total Trade Receivables	73.442.744	77.468.883
Provision for Doubtful Receivables (-)	(19.206.663)	(12.515.326)
<i>Provision for doubtful receivables apart from related parties (-)</i>	(19.206.663)	(12.515.326)
<i>Provision for doubtful receivables from related parties (Not:6)</i>	-	-
Unearned finance expense apart from related parties (-)	(372.889)	(642.660)
Related parties unearned finance expenses (-)	(130.707)	(523.573)
Total	53.732.485	63.787.324

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11. TRADE RECEIVABLES AND PAYABLES (Cont’d)

The movements of provision for doubtful receivables and transactions regarding receivables overdue as of 31 December 2019 and 2018, are as follows:

	31 December 2019	31 December 2018
As of January, 1	12.515.326	19.063.416
Impact due to the changes in TFRS 9	390.544	254.662
Provisions no longer required	(2.608.374)	(7.679.802)
Provisions for the period	8.909.167	877.050
Total	19.206.663	12.515.326

As of 31 December 2019 and 2018, Group has no long term trade receivables

Average maturity date of the Group for its trade receivables is 20-40 days.

As of 31 December 2019 and 2018, Group’s trade payables are as below:

Trade Payables	31 December 2019	31 December 2018
Trade Payables	63.975.551	44.930.750
<i>Trade payables apart from related parties</i>	33.859.563	20.024.224
<i>Trade payables to related parties (Not:6)</i>	30.115.988	24.906.526
Notes Payable	2.465.864	4.135.216
<i>Notes payables given, apart from related parties</i>	2.465.864	4.135.216
<i>Notes payables given to related parties (Not:6)</i>	-	-
Unearned finance income apart from related parties (-)	(212.434)	(177.939)
Related parties unearned finance income (-)	(236.455)	(597.894)
Total	65.992.526	48.290.133

Average maturity date of the Group for its debts is 20-60 days.

Long-Term Trade Payables

None. (31.12.2018: None).

12. OTHER RECEIVABLES AND PAYABLES

As of 31 December 2019 and 2018, other receivables and payables of the Company are as below;

Short term other receivables	31 December 2019	31 December 2018
Deposits and guarantees given	263.276	294.002
Other receivables	627.830	1.744.432
Receivables From Related Parties (Not:6)	4.821.101	33.278.031
- <i>Notes receivables from related parties</i>	-	-
- <i>Receivables from related parties</i>	4.821.101	33.278.031
Other Doubtful Receivables	2.022.214	2.022.214
Provision for Other Doubtful Receivables (-)	(2.022.214)	(2.022.214)
Total	5.712.207	35.316.465

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12.OTHER RECEIVABLES AND PAYABLES (Cont’d)

Long term other receivables	31 December 2019	31 December 2018
Deposits and guarantees given	1.360.216	1.410.397
Total	1.360.216	1.410.397
Short term other payables	31 December 2019	31 December 2018
Deposits and guarantees received	3.516.456	3.618.098
Taxes payable (VAT, Advance Tax)	13.076.227	4.636.944
Deferred or restructured debts to public sector (*)	1.336.134	1.920.383
Payables to related parties	18.603.387	41.342.118
- Payables to shareholders	8.461.348	36.328.916
-Notes payable to related parties	-	-
- Payables to related parties	10.142.039	5.013.202
Other	381.672	152.005
Total	36.913.876	51.669.548

(*) The Group Management has benefited from the ease of payment provisions in the Laws numbered 6552 and 6736.

Long term other payables	31 December 2019	31 December 2018
Deferred or restructured debts to public sector (*)	610.577	2.362.604
Total	610.577	2.362.604

(*) The Group Management has benefited from the ease of payment provisions in the Laws numbered 6552,6736 and 7020.

13.EMPLOYEE BENEFITS

As of 31 December 2019 and 2018, Group’s liabilities for employee benefits are as below;

	31 December 2019	31 December 2018
Taxes, duties and deductions payable	340.332	180.839
Payables to Social Security Institution (SSI)	339.360	278.735
Payables to personnel	952.478	713.009
Total	1.632.170	1.172.583

14.INVENTORIES

a) Short-term inventories

As of 31 December 2019 and 2018, Group’s short term inventories are as below;

	31 December 2019	31 December 2018
Merchandise inventory	4.263.154	1.546.578
Other inventories (*)	519.298	439.398
Provision for decrease in value of inventories (-)	-	-
Toplam	4.782.452	1.985.976

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14. INVENTORIES (Cont'd)

a) Short-term inventories (Cont'd)

(*) The Group's other inventories consist of fuel, spare parts and consumables.

b) Long-term inventories

In accordance with the resolution of the Board of Directors dated 04/05/2016 and numbered 298; "Real Estate Sales Promise Agreement" was signed with Sur Yapı Endüstri San. ve Tic. Anonim Şirketi in order for housing construction on the lands located in Istanbul Province Sancaktepe District 9-10 Section 1674 Parcel 10.783,80 m² and Istanbul Province Sancaktepe District 6650 Island 17 Parcel 18.316,57 m². Construction will start in 2016 and be completed in 30 months on the basis of "Revenue Sharing". As of 31 December 2017, sales office building has been completed and sample apartment construction is still continuing. The project has been launched under the name "Muhit" and the sales process has been continued.

The 10.783,80 m² land located in Istanbul Province Sancaktepe District 9-10 Section 1674 Parcel, which was registered as the cropland in the land registry, separation was made (parceling out) on 04.08.2016. As a result of separation two different land has been created as 1974 parcel (3.301,30 m²), and 1975 parcel (6,965,62 m²), and 1974 parcel land was donated to Sancaktepe Municipality on 25.10.2016 . The remaining 6,965,62 m² 1975 parcel cropland has been registered as "land" in the land registry.

The surface of the land located in Istanbul Province Sancaktepe District 6650 Island 17 Parcel is 16.117,38 m².

The total land area where the project will be constructed (6.965.62 + 16.117.38 =) is 23.083 m².

These real estate properties has been accounted in stock accounts in 2016. Inventories have been classified as long-term inventories by considering the possible end date of residential construction.

As of 31 December 2019, the total cost of the housing improved lands is 29.773.907 TL (31 December 2018: 29.742.179 TL)

15. PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2019 and 2018, Group's prepaid expenses and deferred incomes are as below;

Short term prepaid expenses	31 December 2019	31 December 2018
Prepaid expenses for future months	2.922.585	1.811.578
License fee (*)	2.128.333	2.128.333
Work advances	1.238.914	6.749.540
Advances given to related parties (Note 6)	361.828	10.681.340
Advances given for purchases	4.992.068	1.388.286
Doubtful other assets	287.436	287.436
Provision for other doubtful assets (-) (**)	(287.436)	(287.436)
Total	11.643.728	22.759.077

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15.PREPAID EXPENSES AND DEFERRED INCOME

(**) Movement table for doubtful other assets is as follows;

	31 December 2019	31 December 2018
As of January 1	287.436	226.286
Collection of revenues (-)	-	-
Provision for the period	-	61.150
Balance, by the end of the period	287.436	287.436

Long term prepaid expenses

	31 December 2019	31 December 2018
Advances given	598.865	2.613.506
Prepaid expenses for future years	-	41.983
License fee (*)	14.011.567	16.139.906
Total	14.610.432	18.795.395

License fee (*)

License fees are the advance payments paid by the Group to Tüvtürk Kuzey Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. fort he Karabük, Bartın, Kastamonu, Tosya, Karadeniz Ereğlisi, Zonguldak, Eskişehir, Sivrihisar vehicle inspection stations. According to the provisions of the license agreement, the balance to be recognized as expense in the 12-month period following the balance sheet date has been classified in current assets and the remaining balance has been classified in non-current assets. The license period expires in 2027. There has been no addition to the license fee in the current and previous period.

Short-term Deferred Income

	31 December 2019	31 December 2018
Income relating to future months	7.821.823	7.768.788
Advances received	-	2.990.512
Deferred income	220.713	2.126.172
Total	8.042.536	12.885.472

Long-term Deferred Income

	31 December 2019	31 December 2018
Income relating to following years	7.337.947	14.910.084
Total	7.337.947	14.910.084

Regarding the financial leasing agreement dated 03 December 2015 and numbered 150648473 with Ak Finansal Kiralama A.Ş., Group has made a profit amounting TL 3,894,663 from 1 real estate in parcel 60 block 24 in Bulgurlu Mah. Üsküdar- Istanbul by sale and lease back transaction. The income obtained shall be deferred in accordance with TAS 17 Leasing Transactions and shall be reflected to the comprehensive income statement by amortizing during the lease period (60 months).

Regarding the financial leasing agreement dated 19 December 2016 and numbered 16011745 with İş Finansal Kiralama A.Ş., Group has made a profit amounting TL 7.271.908 from 1 real estate in parcel 198 in Samsun-Çarşamba by sale and lease back transaction. The income obtained shall be deferred in

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accordance with TAS 17 Leasing Transactions and shall be reflected to the comprehensive income statement by amortizing during the lease period (60 months).

15.PREPAID EXPENSES AND DEFERRED INCOME (Cont’d)

Long-term Deferred Income (Cont’d)

Regarding the financial leasing agreement dated 19 December 2016 and numbered 16012390 with İş Finansal Kiralama A.Ş., Group has made a profit amounting TL 18.291.481 from 1 real estate in parcel 194 in Torbalı Mah. İzmir-Torbalı by sale and lease back transaction. The income obtained shall be deferred in accordance with TAS 17 Leasing Transactions and shall be reflected to the comprehensive income statement by amortizing during the lease period (60 months).

According to the resolution of the Board of Directors dated 11 July 2017 and numbered 384, 8.312 m2 of warehouse in parcel 2088 in Kocaeli Çayirova has been decided to be sold for the price of TL 14.400.000 with ‘Sale and Lease Back’ method. Profit amount of real estate between its the fair value and sales value is TL 4.724.821. The income obtained shall be deferred in accordance with TAS 17 Leasing Transactions and shall be reflected to the comprehensive income statement by amortizing during the lease period (60 months).

Summary table regarding the transactions are as below;

Agreement No	Agreement Date	Profit on sales (TL)	Prior period profit	To be reflected P/L Statement in 2018	Income relating to future months	Income relating to future years
150648473	03 December 2015	3.894.663	2.401.711	778.933	714.020	-
16011745	19 December 2016	7.271.908	2.908.764	1.454.382	1.454.382	1.454.380
16012390	19 December 2016	18.291.481	7.316.592	3.658.296	3.658.296	3.658.297
16012390	11 July 2017	4.724.821	1.371.722	914.481	914.481	1.524.136
		34.182.873	13.998.789	6.806.092	6.741.179	6.636.813

The Company has rented its warehouse to Emir İstif Mak. San. ve Tic. Ltd. Şti. for the price of TL 2.100.000+VAT for a period of 5 years. Two invoices have been issued as rental price and the part of TL 350.000 of this invoice belonging to 10 months period of 2017 has been recorded as income. TL 420.000 of the invoices corresponding to the 12-month period has been shown under the ‘Short-Term Deferred Income’ and the remaining TL 1.330.000 has been shown under ‘Long-Term Deferred Income’.

16.GOVERNMENT INCENTIVES AND GRANTS

The Group has one Investment Incentive Certificate in 2018 and the details of the incentive certificate are as follows:

Document Date	Document No	Subject	Starting Date of Investment	Ending Date of Investment	Total Investment Amount
06.06.2014	F/109795	Railroad Transportation	13.03.2013	14.03.2014	8.830.915

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16.GOVERNMENT INCENTIVES AND GRANTS (Cont’d)

With the Investment Incentive Certificate dated 12 April 2013 and numbered B / 109795, Reysaş Demiryolu Taşımacılığı A.Ş. has decided to invest in the purchase of wagons for railway transportation. the Company shall benefit from interest support, discounted corporate tax and other exceptions with this investment incentive certificate. Within the scope of this investment incentive certificate, Reysaş Demiryolu Taşımacılığı A.Ş. has ordered has ordered 60 platform wagons to TÜDEMSAŞ, which is the only industrial investment of Turkish State Railways (T.C.D.D) in the Eastern Anatolia Region of Turkey. The leasing financing method has planned to be used for wagon purchases and the total investment amount shall be 3.510.000 Euro. Reysaş Demiryolu Taşımacılığı A.Ş. received 60 Wagons amounting to TL 9,066,916 on 10 September 2013.

According to the application of the company dated 20.12.2013 and numbered 1116785, the revision of 7.500.000 TL of registered fixed investment amount as to be 8.830.915 TL has been considered appropriate within the frame of decision numbered 2012/3305 and 20128/1 of the Communiqué No: 178/1.

As a result of the review of Company’s application dated 14.01.2014 and numbered 4524, it was understood that the investment was started by making at least 10% of the fixed investment amount, registered in the Investment Incentive Certificate until 31.12.2013 (including this date).

According to the Company’s application dated 11.04.2014, numbered 33073 and the investment incentive certificate closing report of Sworn-in CPA numbered YMM.232/1706-15, the completion visa of the investment has been made.

In summary, the subject of the incentive certificate is wagon investment and the Company has benefited from interest incentives, discounted corporate tax and other exceptions. Interest support incentives were completed in 2016. The total amount of the contribution calculated, due to the actual investment spendings of the Company within the scope of the aforementioned incentive certificate is TL 3.532.366; As of 31.12.2019, the total amount of the contribution which has been carried forward is TL 3,415,761.

(31.12.2018: 3.415.761 TL)

17.LIABILITIES FOR PERIOD INCOME TAX

Corporate Tax

The tax legislation provides for a temporary tax (prepaid tax) of 22% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

The corporations earning income from a company or a branch in Turkey do not pay any withholding tax on their dividends. Other dividend payments are subject to withholding tax of 15%. If profit is added to the capital, withholding tax is not applicable. Effective tax rate is 22%. (2018: 22%)

Corporations calculate and pay quarterly temporary corporate tax of 22%. The temporary taxes paid within the year will be offset against the final corporate tax liability for the year. The temporary tax can be offset against any other financial liability against the state.

Tax losses that are reported in the Corporation tax return may be carried forward and deducted from the corporation tax base for a maximum period of five years following the year in which the losses were incurred.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

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Tax rate used for the calculation of corporation tax for the Reysaş Demiryolu Taşımacılığı is %4, and %22 for others.

17.LIABILITIES FOR PERIOD INCOME TAX (Cont’d)

Corporate Tax

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

Group’s tax income and expenses for the as of 31 December 2019 and 2018 are as follows;

	31 December 2019	31 December 2018
Provision for current year corporation tax	3.642.720	-
Prepaid taxes and funds (-)	(3.642.720)	-
Total Tax Payable, Net	-	-

	31 December 2019	31 December 2018
Provision for current year corporation tax (-)	(3.642.720)	-
Deferred tax income (expense)	(1.151.759)	(3.860.385)
Total Tax Income / (Expense), Net	(4.794.479)	(3.860.385)

18.CURRENT PERIOD TAX ASSETS

As of 31 December 2019 and 31 December 2018, the Group's tax amount to be refunded is as follows:

	31 December 2019	31 December 2018
Prepaid taxes and funds	703.861	1.414.779
Total	703.861	1.414.779

19.OTHER CURRENT/NON-CURRENT ASSETS AND OTHER SHORT-LONG TERM LIABILITIES

As of 31 December 2019 and 2018, Group’s other current/non-current assets and other short-long term liabilities are as follows;

Other Current Assets	31 December 2019	31 December 2018
VAT carried forward	5.006.654	11.583.115
Total	5.006.654	11.583.115

Other Non-Current Assets

None (31.12.2018: None).

Other Short Term Liabilities

None (31.12.2018: None).

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Other Long Term Liabilities

None (31.12.2018: None).

20.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Short-term provisions

As of 31 December 2019 and 2018, Group’s short term provisions are as follows;

	31 December 2019	31 December 2018
Provision for employee termination benefits (*)	751.388	568.040
Total	751.388	568.040

Provision for employee benefits (*)

	31 December 2019	31 December 2018
Provision for personnel leave	751.388	568.040
Total	751.388	568.040

The movements of provision for personnel leave are as follows;

	31 December 2019	31 December 2018
As of January 1	568.040	465.100
Vacation payment for the period/decrease (-)	183.348	102.940
Total	751.388	568.040

20.2 Long-term provisions

As of 31 December 2019 and 2018, Group’s long term provisions are as follows;

	31 December 2019	31 December 2018
Provision for employee benefits (**)	3.924.069	4.638.599
Provision for lawsuit risks (**)	12.302.680	8.502.759
Total	16.226.749	13.141.358

Provision for employee benefits:

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month’s salary for each year of service and is limited to a maximum of 6.379,86 TL/year as of balance sheet date. (31 December 2018: 5.434,42 TL/year).

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined employee plans.

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Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

20.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as of balance sheet date, the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees.

As of 31 December 2019 provision has been calculated based on real discount rate of 4,67% (31 December 2018: 3,44%) assuming 7% annual inflation rate (31 December 2018: 9%). and 12,00% discount rate (31 December 2018: 12,75%).

As of December 31, 2019 and 2018 the movement in the provision for employment termination benefits is as follows:

	31 December 2019	31 December 2018
Provision for employment termination benefits	3.924.069	4.638.599
Total	3.924.069	4.638.599

	31 December 2019	31 December 2018
As of January 1	4.638.598	4.023.274
Service cost	745.951	917.129
Actuarial (Gains) / Losses	(786.621)	428.396
Interest expense	184.632	159.060
Payments during the year (-)	(858.491)	(889.261)
As of December 31	3.924.069	4.638.599

20.3 Lawsuit and disputes

The total amount of the Group's legal liability, which is not finalized and at the stage of litigation is TL 12.302.680. (31 December 2018-8.502.759TL)

(***) The movements of provision for lawsuit risks are as follows;

Movements in long term provisions	31 December 2019	31 December 2018
As of January 1	8.502.759	7.697.242
Payments during the year / Reversal of provisions (-)	-	-
Provisions for the period	3.799.921	805.517
As of December 31	12.302.680	8.502.759

20.4 Collaterals, pledges and mortgages (“CPM’s”)

a. Collaterals, pledges and mortgages (“CPM’s”) received by the Group

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As of 31 December 2019 and 2018, collaterals, pledges and mortgages (“CPM’s”) received by the Group are as follows;

20.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2019</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collateral cheques received	6.405.442	-	440.000	3.479.178
Letter of guarantees received	6.565.397	149.220	-	5.679.000
Collateral notes received	19.721.502	617.340	452.416	13.045.542
Total	32.692.341	766.560	892.416	22.203.720

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2018</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Collateral cheques received	6.131.498	-	440.000	3.479.178
Letter of guarantees received	7.025.151	497.092	-	4.410.000
Collateral notes received	17.483.048	470.300	452.416	12.281.683
Total	30.639.697	967.392	892.416	20.170.861

b. Collaterals, pledges and mortgages (“CPM’s”) given by the Group

As of 31 December 2019 and 2018, collaterals, pledges and mortgages (“CPM’s”) given by the Group are as follows;

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2019</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Guarantee letters given	94.039.565	325.000	11.399.650	16.294.487
Pledges / indemnities	-	-	-	-
Mortgages	2.515.561.467	208.516.000	39.540.000	1.013.970.000
Total	2.609.601.032	208.841.000	50.939.650	1.030.264.487

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2018</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Guarantee letters given	18.271.928	325.000	-	16.562.135
Pledges / indemnities	-	-	-	-
Mortgages	2.055.257.344	184.516.000	29.540.000	906.470.000
Total	2.073.529.272	184.841.000	29.540.000	923.032.135

Total amount of GPMs given in favor of partnerships included in the scope of full consolidation;

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2019</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Indemnities	1.368.809.100	125.601.000	33.950.000	396.926.170
Total	1.368.809.100	125.601.000	33.950.000	396.926.170

<u>Collaterals, Pledges, Mortgages</u>	<u>31 December 2018</u>			
	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL Equivalent</u>
Indemnities	1.262.351.071	125.601.000	33.950.000	396.926.170
Total	1.262.351.071	125.601.000	33.950.000	396.926.170

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20.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

Collaterals/pledges/mortgages (“CPM”) position of the Group as of December 31, 2019 and December 31, 2018 is as follows:

CPM’s given by the Company	USD	31 December 2019		
		EUR	TL	(TL Equivalents)
1. CPM’s given for Company’s own legal personality	2.609.601.032	208.841.000	50.939.650	1.030.264.487
2. CPM’s given on behalf of fully consolidated companies	1.368.809.100	125.601.000	33.950.000	396.926.170
3. CPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
4. Total amount of other CPM’s	-	-	-	-
- Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM’s given on behalf of other Group companies which are not in scope of 2 and 3	-	-	-	-
- Total amount of CPM’s given on behalf of third parties which are not in scope of 3	-	-	-	-
Total	3.978.410.132	334.442.000	84.889.650	1.427.190.657

CPM’s given by the Company	USD	31 December 2018		
		EUR	TL	(TL Equivalents)
1. CPM’s given for Company’s own legal personality	184.841.000	29.540.000	923.032.135	2.073.529.272
2. CPM’s given on behalf of fully consolidated companies	125.601.000	33.950.000	396.926.170	1.262.351.071
3. CPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
4. Total amount of other CPM’s	-	-	-	-
- Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM’s given on behalf of other Group companies which are not in scope of 2 and 3	-	-	-	-
- Total amount of CPM’s given on behalf of third parties which are not in scope of 3	-	-	-	-
Total	3.335.880.343	310.442.000	63.490.000	1.319.958.305

The ratio of other CPM’s given by the Group to the equities of Group is 0% as of December 31, 2019. (December 31, 2018: 0%)

Total insurance amount of asset values;

Insurance amount on real estates is TL 956.194.506. (31 December 2018: 561.702.477 TL)

21.COMMITMENTS

None (31.12.2018: None).

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22. INVESTMENTS VALUED BY EQUITY METHOD

Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş., with the resolution of Board of Directors dated February 22, 2011, has purchased Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş.’s, the subsidiary of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş, %16,67 of shares with the nominal value of 1.525.305 TL for 4.127.642 TL. Besides, The company has also purchased the nominal value of TL 3.050.000 its shares representing 33,33% of its capital over the value of TL 16.836.000.

After this purchase, Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. has no any shares at Arı Lojistik İnş. San.ve Tic. A.Ş.’s capital and the shareholding of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. reached 50%.

As a result of this purchase transaction, Arı Lojistik İnşaat Sanayi ve Ticaret A.Ş. which is not publicly traded, has been consolidated to Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. by using equity method.

As of 31 December 2019, as a result of valuation made in Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. by equity method, Arı Lojistik İnş. San.ve Tic. A.Ş.’s balance sheet value which the cost value was TL 20.963.642 accounted as TL 26.443.171

(As of 31 December 2018, as a result of valuation made in Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. by equity method, Arı Lojistik İnş. San.ve Tic. A.Ş.’s balance sheet value which the cost value was TL 20.963.642 accounted as TL 26.149.201)

	31 December 2019	31 December 2018
Total Assets of Arı Lojistik A.Ş.	64.482.022	62.238.313
Total Liabilities of Arı Lojistik A.Ş.	(11.595.680)	(9.939.915)
Net Assets of Arı Lojistik A.Ş.	52.886.342	52.298.398
Value of the subsidiary in GYO according to equity method (%50)	26.443.171	26.149.201

	31 December 2019	31 December 2018
As of January 1	26.149.201	25.914.746
Profit / Loss Shares from subsidiaries	2.239.388	2.199.150
Dividends received	(1.945.418)	(1.964.697)
Total	26.443.171	26.149.201

Financial statement summary of investments valued by equity method as of December 31,2019 and 2018 are as below;

	31 December 2019				
	Total Assets	Total Liabilities	Equity	Revenue	Profit / (Loss)
Arı Lojistik'in A.Ş.	64.482.022	(11.595.680)	52.886.342	7.970.000	4.478.938

	31 December 2018				
	Total Assets	Total Liabilities	Equity	Revenue	Profit / (Loss)
Arı Lojistik'in A.Ş.	62.238.313	(9.939.915)	52.298.398	6.623.544	4.398.300

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23. INVESTMENT PROPERTIES

The movements regarding investment properties as of December 31, 2019 and 2018 are as below;

Cost	31.12.2018	Additions	Disposals (-)	Transfers	31.12.2019
Lands and parcels	212.805.771	4.944.601	(100.000)	-	217.650.372
Buildings	566.878.445	21.365.839	-	-	588.244.284
Machinery, plant and equipment	2.371.660	-	-	-	2.371.660
Motor vehicles	49.194	-	-	-	49.194
Furniture and fixtures	5.054.854	45.919	-	-	5.100.773
Total	787.159.924	26.356.359	(100.000)	-	813.416.283
Accumulated Depreciation	31.12.2018	Period cost	Disposals (-)	Transfers	31.12.2019
Buildings	98.823.697	23.352.047	-	-	122.175.744
Machinery, plant and equipment	751.051	209.638	-	-	960.689
Motor vehicles	49.194	-	-	-	49.194
Furniture and fixtures	3.542.899	830.033	-	-	4.372.932
Total	103.166.841	24.391.718	-	-	127.558.559
Net book value	683.993.084				685.857.724

Cost	31.12.2017	Additions	Disposals (-)	Transfers	Decrease in value of fixed assets	31.12.2018
Lands and parcels	163.851.074	13.696.315	(826.100)	47.946.979	(11.862.496)	212.805.771
Buildings	360.693.549	2.316.707	-	203.868.189	-	566.878.445
Machinery, plant and equipment	2.371.660	-	-	-	-	2.371.660
Motor vehicles	49.194	-	-	-	-	49.194
Furniture and fixtures	5.041.538	13.316	-	-	-	5.054.854
Total	532.007.015	16.026.338	(826.100)	251.815.168	(11.862.496)	787.159.924

Accumulated Depreciation	31.12.2017	Period cost	Disposals (-)	Transfers	Decrease in value of fixed assets	31.12.2018
Buildings	77.515.129	21.308.570	-	-	-	98.823.697
Machinery, plant and equipment	541.413	209.638	-	-	-	751.051
Motor vehicles	44.782	4.412	-	-	-	49.194
Furniture and fixtures	2.674.542	868.357	-	-	-	3.542.899
Total	80.775.866	22.390.977	-	-	-	103.166.841
Net book value	451.231.150					683.993.084

Net book value	31 December 2019	31 December 2018
Lands and parcels	217.650.372	212.805.771
Buildings	466.068.540	468.054.748
Machinery, plant and equipment	1.410.971	1.620.609
Motor vehicles	-	-
Furniture and fixtures	727.841	1.511.955
Total	685.857.724	683.993.083

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24. TANGIBLE FIXED ASSETS

The movements of tangible fixed assets and accumulated depreciation as of December 31, 2019 and 2018 are as below;

Cost	31.12.2018	Additions	Disposals (-)	Decrease in value of fixed assets	31.12.2019
Lands and parcels	225.763.126	19.458.625	-	322.000	245.543.751
Land improvements	10.111.947	-	-	-	10.111.947
Buildings (*)	28.762.100	-	-	5.479.893	34.241.993
Machinery, plant and equipment	58.278.381	17.305.907	(168.112)	-	75.416.176
Motor vehicles	88.902.637	15.220.422	(3.179.900)	-	100.943.159
Furniture and fixtures	5.250.916	779.601	-	-	6.030.517
Leasehold improvements	2.681.316	28.780	-	-	2.710.095
Construction in progress	42.436.330	30.090.048	(12.367)	-	72.514.010
Total	462.186.752	82.883.383	(3.360.379)	5.801.893	547.511.648

Accumulated Depreciation	31.12.2018	Period cost	Disposals (-)	Decrease in value of fixed assets	31.12.2019
Lands and parcels	2.158.610	202.175	-	-	2.360.785
Buildings (*)	5.494.102	71.910	-	-	5.566.012
Machinery, plant and equipment	17.951.933	6.112.203	(75.321)	-	23.988.815
Motor vehicles	48.495.452	7.806.274	(2.560.798)	-	53.740.928
Furniture and fixtures	4.142.679	319.853	-	-	4.462.532
Leasehold improvements	1.277.515	151.899	-	-	1.429.414
Total	79.520.291	14.664.314	(2.636.119)	-	91.548.486

Net book value	382.666.461				455.963.162
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24.TANGIBLE FIXED ASSETS (Cont’d)

Cost	31.12.2017	Additions	Disposals (-)	Decrease in value of fixed assets	Transfers	31.12.2018
Lands and parcels	232.942.786	2.271.257	-	2.658.264	(12.109.181)	225.763.126
Land improvements	10.111.947	-	-	-	-	10.111.947
Buildings (*)	25.055.533	540.058	(232.972)	3.399.482	-	28.762.100
Machinery, plant and equipment	33.832.113	24.446.268	-	-	-	58.278.381
Motor vehicles	88.721.796	9.060.521	(8.879.680)	-	-	88.902.637
Furniture and fixtures	4.774.685	476.231	-	-	-	5.250.916
Leasehold improvements	632.693	2.048.623	-	-	-	2.681.316
Construction in progress	189.856.163	92.286.154	-	-	(239.705.987)	42.436.330
Total	585.927.715	131.129.112	(9.112.652)	6.057.746	(251.815.168)	462.186.752

Accumulated Depreciation	31.12.2017	Period cost	Disposals (-)	Decrease in value of fixed assets	Transfers	31.12.2018
Lands and parcels	1.956.437	202.173	-	-	-	2.158.610
Buildings (*)	5.461.717	97.739	(65.354)	-	-	5.494.102
Machinery, plant and equipment	12.989.777	4.962.156	-	-	-	17.951.933
Motor vehicles	48.320.938	8.093.218	(7.918.704)	-	-	48.495.452
Furniture and fixtures	3.895.729	246.950	-	-	-	4.142.679
Leasehold improvements	632.693	644.822	-	-	-	1.277.515
Total	73.257.291	14.247.058	(7.984.058)	-	-	79.520.291

Net book value	512.670.424					382.666.461
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24.TANGIBLE FIXED ASSETS (Cont’d)

Net book value	31 December 2019	31 December 2018
Lands and parcels	245.543.751	225.763.126
Land improvements	7.751.162	7.953.337
Buildings	28.675.982	23.267.999
Machinery, plant and equipment	51.427.361	40.326.448
Motor vehicles	47.202.231	40.407.185
Furniture and fixtures	1.567.984	1.108.236
Construction in progress	72.514.010	42.436.330
Leasehold improvements	1.280.681	1.403.800
Total	455.963.162	382.666.461

According to the real estate valuation report dated 07.04.2017, 11.929 m² fixed property in parcel 33 and map section 420 in Kocaeli Çayirova which the appraisal value is 25.730.00 TL was purchased for the price of 22.496.489 TL in 18.05.2017

According to the resolution of the Board of Directors dated 11 July 2017 and numbered 384, 8.312 m² of warehouse in parcel 2088 in Kocaeli Çayirova has been decided to be sold for the price of TL 14.400.000 with “Sale and Lease Back” method. Fair value of real estate is 16.491.000 TL as of 31 December 2016.

As of December 31, 2018, all impairment loss in the consolidated financial statements is related to the immovable property of Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş.

Regarding the valuation report prepared by Emek Taşınmaz Değerleme ve Danışmanlık A.Ş. in 2018, provision for decrease in fixed assets in previous years amounting 6.057.746 TL has been deleted from accounts in 2018

Comany has purchased the 3.033 m² real estate in parcel 4 and map section 2079 in Kocaeli-Çayirova for the price of 1.342.102 TL in 13 February 2013. Two buildings consisting of basement and ground floor has been built on the land. Total expenditure on construction is 10.886.063 TL. In valuation report prepared Bilgi Gayrimenkul Değerleme A.Ş. dated 30 December 2017, the value of the real estate has been determined as TL 9.971.804. Regarding the valuation report, provision for decrease in fixed assets in previous years amounting 2.736.761 TL has been deleted from the accounts. In valuation report prepared in 30 December 2018, the value of the real estate has been determined as TL 11.896.000. Regarding the valuation report, all the provision for decrease in fixed assets in previous years amounting 541.518 TL has been deleted from the accounts.

Comany has purchased the 10.132,75 m² land in parcel 24 and map section 294 in Sarıkavak Antalya-Kumluca for the price of 1.398.305 TL from Ayhan 1 Nak.Oto.San.Gıda Tar.Üre.İth.İhr. ve Tic.Ltd in 15 May 2015. Total expenditure for the construction of warehouse building is 15.391.397 TL. In valuation report prepared Bilgi Gayrimenkul Değerleme A.Ş. dated 30 December 2017, the value of the real estate has been determined as TL 11.097.000. Regarding the valuation report, provision for decrease in fixed assets in 2017 is 2.025.430 TL. In valuation report prepared Bilgi Gayrimenkul Değerleme A.Ş. dated 30 December 2017, the value of the real estate has been determined as TL 11.742.000. Regarding the valuation report, provision for decrease in fixed assets in previous years amounting 1.414.570 TL has been deleted from the accounts.

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25.INTANGIBLE FIXED ASSETS

Cost	31.12.2018	Additions / Transfers	Disposals	31.12.2019
Rights	157.750	-	-	157.750
Computer softwares	698.839	-	-	698.839
Total	856.589	-	-	856.589

Accumulated Depreciation	31.12.2018	Period cost	Disposals	31.12.2019
Rights	157.750	-	-	157.750
Computer softwares	698.839	-	-	698.839
Total	856.589	-	-	856.589

Net book value	-	-
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Cost	31.12.2017	Additions / Transfers	Disposals	31.12.2018
Rights	157.750	-	-	157.750
Computer softwares	698.839	-	-	698.839
Total	856.589	-	-	856.589

Accumulated Depreciation	31.12.2017	Period cost	Disposals	31.12. 2018
Rights	150.021	7.729	-	157.750
Computer softwares	698.624	215	-	698.839
Total	848.645	7.944	-	856.589

Net book value	7.944	-
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Net book value	31 December 2019	31 December 2018
Rights	-	-
Computer softwares	-	-
Total	-	-

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26.SHAREHOLDER’S EQUITY

Paid in Capital

The shareholders and share rates of Reysaş Taşımacılık ve Lojistik Ticaret A.Ş. are as follows;

	31 December 2019		31 December 2018	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Publicly held part	76.456.399	64,06%	76.456.399	64,06%
Dürmuş Döven	21.388.404	17,92%	21.388.404	17,92%
Rıfat Vardar	14.551.518	12,19%	14.551.518	12,19%
Other	6.953.679	5,83%	6.953.679	5,83%
Total	119.350.000	100,00%	119.350.000	100,00%

The Company's capital consists of 119.350.000 shares, each with a nominal value of TL 1. The Company's capital shares are divided into 3 groups as 6.683.600 registered A group, 1.670.900 registered B group and 110.995.500 bearer registered C group. Group A and B shareholders have the privilege to elect the board of directors.

The distribution of the privileged Group A and B shares of the Company is as follows.

Shareholders	Group A		Group B	
	Share amount	Share rate (%)	Share amount	Share rate (%)
Döven Family	3.341.800	50%	1.148.744	69%
Rıfat Vardar	3.341.800	50%	522.156	31%
Historical value of capital	6.683.600	100%	1.670.900	100%

Since the Company have not had subsidiaries which is subject to subject capital adjustments due to cross-ownership, there have not been no capital adjustments due to cross-ownership at the end of the period.

-Positive distinction from share capital adjustment	31 December 2018	31 December 2017
Positive distinction from share capital adjustment	40.859	40.859

-Share buybacks	31 December 2018	31 December 2017
Company’s repurchased its own shares	(2.177.230)	(2.177.230)

-Share buybacks / Profit arising from repurchasing of shares

The Capital Markets Board (“the CMB”) regulated the principles of share buyback for listed companies whose shares are traded on the Istanbul Stock Exchange (ISE) through its resolution dated 10 August 2011 and numbered 26/767. In the light of this resolution of CBM, a company whose shares are traded on the ISE may authorize their board of directors for buyback of the shares traded on the ISE, provided that the acquired shared do not exceed %10 of the issued/paid up share capital and such shares will be held in its possession for a maximum period of 3 years. The assets of the company may not be less than the share capital of the company together with the un-distributable reserves, after deducting the repurchased share price.

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26.SHAREHOLDER’S EQUITY (Cont’d)

-Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss

-Gains / Losses on revaluation and reclassification

a. Increases (decreases) on revaluation of tangible fixed assets

The increase in value arising from the Group's real estate valuation has been reflected in the financial statements on the related asset values and amount of TL 8.898.510 has been shown in Revaluation measurement gains / losses in liability accounts.

	31 December 2019	31 December 2018
Opening balance from previous period	8.898.510	8.898.510
Revaluation fund of tangible fixed assets	-	-
Deferred tax assets	-	-
Total Increases (decreases) on revaluation of tangible fixed assets	8.898.510	8.898.510

b.Actuarial gain/(loss) arising from defined benefit plans

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses in financial statements.

	31 December 2019	31 December 2018
Opening balance from previous period	1.079.869	1.425.935
Actuarial gain / (loss)	786.621	(428.396)
Deferred tax assets	(156.850)	82.330
Other	-	-
Actuarial gain / (loss), Net	1.709.640	1.079.869

-Restricted Reserves

The Turkish Commercial Code (“TCC”) stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

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26. SHAREHOLDER’S EQUITY (Cont’d)

	31 December 2019	31 December 2018
Sale of real estate to be added to capital or Income on sale of subsidiary	39.517.812	39.517.812
Legal Reserves	11.118.347	11.118.347
Reserves for repurchasing of shares	2.177.230	2.177.230
Total	52.813.389	52.813.389

-Prior Years’ Profit

Within the year, below transactions have taken place in “prior years’ profit and losses” account

	31 December 2019	31 December 2018
Opening balance	(61.746.858)	(38.230.591)
Prior year’s profit / loss (-)	(72.528.820)	(15.196.625)
Transfer to legal reserves	-	(8.849.833)
Disposals arising from sale of subsidiary	-	530.191
Total	(134.275.678)	(61.746.858)

Publicly held companies, the CMB's profit distribution came into force from the date of February 1, 2014 II- 1.19 Dividend accordance with the notification.

Partnerships, profits will be determined by the General Assembly in accordance with the dividend distribution policy and in accordance with the provisions of the relevant legislation by the General Assembly distributes. Comes within the scope of the notification a minimum distribution rate has not been determined. Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends. In addition, dividends may be paid in installments of equal or different, consistent and interim financial statements of the profits in advance may distribute dividends in cash.

TCC based on separation of reserves required by the articles of association or dividend distribution policy for the shareholders determine dividend allottees other reserves to allocate to the next year to transfer profit and dividend shareholders , management board members subsidiaries to their employees and shareholders, persons other than the profit share to be distributed could not be given , as determined for the shareholders in cash dividends are paid on these shares may not be distributed to persons on the card .

Equity inflation adjustment differences and book value of extraordinary reserves can be used in the capital increase, cash profit distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporate tax in case they are used in cash profit distribution.

	31 December 2019	31 December 2018
Prior year’s profit / loss (-)	(134.275.678)	(61.746.858)

-Non-Controlling Interests

As of 31 December 2019, the non-controlling interest is TL 8.377.766 (31 December 2018: TL 12.515.202).

	31 December 2019	31 December 2018
Opening balance	12.515.202	52.111.577
Changes in equits	(8.198)	(3.012)
Sale of associate	-	(1.506.375)
Profit / (Loss) for the period	(1.889.997)	(38.086.988)
Closing balance	10.617.007	12.515.202

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27.REVENUE AND COST OF SALES

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Domestic sales	560.803.308	479.663.187
Export sales	79.520.484	52.063.376
Other income	39.732.230	27.404.475
Sales Return (-)	(17.923.679)	(17.632.480)
Sales Discounts (-)	-	-
Sales Revenues (net)	662.132.343	541.498.558
Cost of goods sold (-)	(103.837.265)	(87.305.442)
Cost of services sold (-)	(346.154.455)	(301.553.604)
Total Cost of Sales	(449.991.720)	(388.859.046)
Gross Profit / (Loss)	212.140.623	152.639.512

28.GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSE

a) Research And Development Expenses

There have not been research & development expense as of the current year (31.12.2018: None).

b) Marketing Expenses, Research And Development Expenses

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Personnel expenses	771.388	562.837
Taxes, duties and charges	30.141	28.338
Vehicle expenses	73.385	677.992
Consultancy expenses	-	-
Amortisation expenses	60.661	63.593
Rent expenses	1.128.088	244.068
Insurance expenses	53.158	48.264
Outsourced benefits and services	1.211.633	580.904
Other	4.501	239.652
Total	3.332.955	2.445.648

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28. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSE (Cont’d)

c) General administrative expense

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Personnel expenses	892.265	1.477.223
Passenger car and transportation expenses	380.404	353.584
Communication expenses	162.560	173.350
Representation and entertainment expenses	408.430	350.671
Travel expenses	219.832	142.445
Electricity, water, heating expenses	508.184	694.524
Insurance expenses	-	40.099
Repair and maintenance expenses	16.698	70.395
Taxes, duties and charges	1.148.029	1.288.947
Consultancy, audit and expertise expenses	662.825	548.817
Depreciation and amortisation expenses	-	-
Food and beverage expenses	21.093	111
Donation and grant expenses	-	-
Information technology expenses	162.326	237.452
Other	3.377.215	1.293.252
Total	7.959.860	6.670.870

29. EXPENSES BY NATURE

Amortization expenses	01.01 - 31.12.2019	01.01 - 31.12.2018
Production cost	38.995.371	36.582.386
Marketing expenses	60.661	63.593
General administrative expense	-	-
Total	39.056.032	36.645.979

30. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Reconciliation differences	-	1.278.187
Provision for no longer required for decrease in value of fixed assets	5.801.893	6.057.746
Provision for no longer required	3.161.359	6.709.119
Foreign exchange gains	8.186.470	9.275.906
Deferred finance income	1.629.274	1.529.067
Sale and lease back income	6.806.092	6.806.092
Other	11.324.455	5.258.183
Total	36.909.543	36.914.300

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30.OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Cont’d)

Other expense from operating activities(-)

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Provision for doubtful receivables and lawsuit risks expenses	10.537.424	2.098.379
Foreign exchange loss	6.827.631	4.743.028
Deferred finance charges	2.427.584	1.995.941
Provision for decrease in value of fixed assets	-	11.862.496
Non-deductible expenses	3.051.442	-
Other expenses	11.750.576	4.190.701
Total	34.594.657	24.890.545

After the sale of land, total shareholders equity in the financial statements of Reysaş Yatırım Holding A.Ş. whis has been prepared according to Financial Reporting Standards Turkey is TL 2.622.111. In accordance with the resolution of the Board of Directors dated 30.05.2018 and numbered 502, It has been decided that REYSAŞ YATIRIM HOLDİNG ANONİM ŞİRKETİ, the subsidiary of the company which is owned 89.96% of its capital, was sold to Durmuş Döven for TL 2.574.559. As of 30 June 2018, the Company has been excluded from the scope of the Subsidiary. Effect of sale of subsidiary is 990.983 TL. Sales profit of subsidiary amounting 943.431 TL has been accounted in income from investment activities. (Note:31)

31.INCOME AND EXPENSES FROM INVESTMENT ACTIVITES

As of 31 December 2019 and 2018, Group’s incomes obtained from its investment activities are as follows;

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Associate sales profit (Note 30)	-	943.431
Profit on sale of fixed assets	2.240.134	1.421.477
Total	2.240.134	2.364.908

As of 31 December 2019 and 2018, Group’s expenses obtained from its investment activities are as follows;

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Loss on sale of fixed assets	-	117.274
Associate sales loss	-	-
Total	-	117.274

Reysaş Turizm Yatırımları ve Tic.Ltd.Şti.,the subsidiary company, has transferred all of its shares in Reysaş Kuru Temizleme ve Servis Hizmetleri Ltd.Şti to the other shareholder in the company.

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32.FINANCIAL INCOME AND EXPENSES (-)

As of 31 December 2019 and 2018, Group’s financial income are as follows;

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Interest income	6.436.727	13.293.911
Foreign exchange gains from financing activities	43.450.488	203.996.324
Other	11.898	6.869
Total	49.899.113	217.297.104

As of 31 December 2019 and 2018, Group’s financial expenses are as follows;

	01.01.2019	01.01.2018
	31.12.2019	31.12.2018
Commission expenses (-)	4.438	964
Interest expenses (-)	127.064.244	121.759.389
Foreign exchange loss from financing activities (-)	121.165.808	362.285.707
Total	248.234.490	484.046.060

33.TAX ASSETS AND LIABILITIES

Deferred Taxes

The tax legislation provides for a temporary tax (prepaid tax) of 22% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

The corporations earning income from a company or a branch in Turkey do not pay any withholding tax on their dividends. Other dividend payments are subject to withholding tax of 15%. If profit is added to the capital, withholding tax is not applicable. Effective tax rate is 22%. (2018: 20%)

Corporations calculate and pay quarterly temporary corporate tax of 22%. The temporary taxes paid within the year will be offset against the final corporate tax liability for the year. The temporary tax can be offset against any other financial liability against the state.

Tax losses that are reported in the Corporation tax return may be carried forward and deducted from the corporation tax base for a maximum period of five years following the year in which the losses were incurred.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred.

Tax rate used for the calculation of corporation tax for the Reysaş Demiryolu Taşımacılığı is %4, and %22 for others. (2018 :%20-%22).

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları ile Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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33.TAX ASSETS AND LIABILITIES (Cont’d)

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
Deferred Tax Assets				
Provision for employment termination benefits	3.821.212	4.583.566	743.895	895.446
Provision for unused leave	741.002	540.377	158.312	109.902
Unearned finance expense	318.374	774.657	67.677	149.226
Provision for doubtful receivables	10.498.037	10.712.371	2.099.607	2.143.844
Expense Accruals	1.743.093	544.032	376.888	113.939
Provision for lawsuit risks	10.049.325	7.514.498	2.009.865	1.502.900
Deferred or restructured debts	53.995	53.995	11.098	11.098
Other	-	-	-	-
Total	27.225.038	24.723.496	5.467.342	4.926.355
Deferred Tax Liabilities				
Difference between the tax base and carrying amount of tangible and intangible assets	(15.596.914)	(15.212.158)	(3.143.688)	(3.029.284)
License fee periodicity adjustments	(25.781.742)	(13.203.347)	(5.156.348)	(2.640.669)
Unearned finance income	(383.011)	(1.021.896)	(81.579)	(205.963)
Revaluation fund	(10.358.266)	(10.358.266)	(2.071.653)	(2.071.653)
Income Accruals	(100.294)	(3.038.958)	(22.065)	(668.571)
Other	(75.077)	(389.355)	(16.413)	(17.812)
Total	(52.295.304)	(43.223.980)	(10.491.746)	(8.633.952)
Deferred tax assets / liabilities, net	(25.070.266)	(18.500.484)	(5.024.406)	(3.707.598)
Disposal of affiliate			-	847
Current Year Deferred Tax Income/ (Expense)			(1.316.808)	(3.780.754)
Gains / (Loss) Remeasurement of revaluation			165.049	(79.631)
Current Year Deferred Tax Income / (Expense)			(1.151.759)	(3.860.385)

34.EARNINGS PER SHARE

	01 January- December 31, 2019	01 January- December 31, 2018
Net income / (loss) attributable to equity holders of the parent	6.402.359	(72.528.820)
Weighted average number of ordinary shares	119.350.000	119.350.000
Basic and diluted earnings / (loss) per share	0,054	(0,608)

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35.FINANCIAL INSTRUMENTS AND FINANCAIAL RISK MANAGEMENT

a) Capital Risk Management

Board of Directors of the Group periodically examines its capital structure. The board evaluates the risks associated with each capital class together with the capital cost. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt on the redemption of existing debt.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities are counted by cash and cash equivalents minus total liabilities which appear in balance sheet.

Group strategy is as the as the previous year. Equity to debts ratio as of December 31, 2019 and December 31, 2018 are as follows:

	31 December 2019	31 December 2018
Total Financial Liabilities	1.363.664.830	1.318.816.950
Cash and Cash Equivalents (-)	131.453.544	97.277.401
Net Debt	1.232.211.286	1.221.539.549
Total equity	63.378.856	58.244.921
Net debt / Total capital ratio	19,44	20,97

Group management aims to achieve higher profitability and equity levels in order to manage existing debts.

Group strategy is similar to previous year.

b) Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

b.1) Credit Risk

Financial losses due to Group’s receivables and financial assets which could result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Group tries to decrease credit risk by conducting operations with confidential parties and attaining enough collateral. Trade receivables are due from a wide range of customers rather than a narrow customer portfolio.

b.2) Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Any changes did not occur in the current year in the methods of management and measurement of market risk exposed by the Group and the risks exposed compare to the previous year.

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35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

b.3) Foreign Exchange Risk Management

Foreign currency denominated transactions cause foreign currency risk. Foreign exchange risk is managed with currency purchase/sale contracts which are based on approved policy. The distribution of carrying amount of the Group’s foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the balance sheet date is as follows:

If the exchange rate was realized as 10% higher / lower as of 31 December 2019, the profit / (loss) for the period before tax and minority share would be lower / higher than TL 79.684.985. (December 31, 2018: profit / (loss) for the period before tax and minority interest would be lower / higher by TL 65.543.649.)

Foreign currency sensitivity		
Current Year (31 December 2019)		
	Profit / Loss	
	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	(45.367.940)	45.367.940
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	(45.367.940)	45.367.940
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	(34.317.045)	34.317.045
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	(34.317.045)	34.317.045
Total (3+6)	(79.684.985)	79.684.985

Foreign currency sensitivity		
Prior Year (31 December 2018)		
	Profit / Loss	
	Foreign currency Appreciation	Foreign currency Depreciation
Increase in value of US Dollar against TL by 10%:		
1- US Dollars net assets / liabilities	(32.206.440)	32.206.440
2- US Dollars hedged from risks (-)	-	-
3- US Dollars net effect (1+2)	(32.206.440)	32.206.440
Increase in value of Euro against TL by 10%		
4- Euro net assets / liabilities	(33.337.209)	33.337.209
5- Euro hedged from risks (-)	-	-
6- Euro net effect (4+5)	(33.337.209)	33.337.209
Total (3+6)	(65.543.649)	65.543.649

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35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

Foreign currency position

December 31, 2019	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	8.433.735	77.815	1.198.613
2a. Monetary financial assets (Includes cash in hand and bank accounts)	26.491.533	822.894	3.248.335
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	34.925.268	900.709	4.446.948
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	34.925.268	900.709	4.446.948
9. Trade payables	4.315.080	114.372	546.670
10. Financial liabilities	241.917.452	23.102.791	15.740.272
11. Monetary other liabilities	-	-	-
12. Short-term Liabilities	246.232.532	23.217.163	16.286.942
13. Financial liabilities	585.542.585	54.057.977	39.759.930
14. Long-term Liabilities	585.542.585	54.057.977	39.759.930
15. Total Liabilities (12+14)	831.775.117	77.275.141	56.046.872
16. Foreign currency position (net)	(796.849.848)	(76.374.431)	(51.599.924)
17. Monetary Foreign currency position (net)	(796.849.848)	(76.374.431)	(51.599.924)

December 31, 2018	TL Equivalent (Functional Currency)	USD	EUR
1. Trade receivables	10.644.992	812.660	1.056.680
2a. Monetary financial assets (Includes cash in hand and bank accounts)	83.739.744	15.786.999	113.789
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	94.384.736	16.599.659	1.170.469
5. Non-monetary financial assets	-	-	-
6. Other	-	-	-
7. Non-current assets (5+6)	-	-	-
8. Total assets (4+7)	94.384.736	16.599.659	1.170.469
9. Trade payables	9.330.923	657.390	974.197
10. Financial liabilities	216.423.833	23.102.791	15.740.272
11. Monetary other liabilities	-	-	-
12. Short-term Liabilities	225.754.756	23.760.181	16.714.469
13. Financial liabilities	524.066.469	54.057.977	39.759.930
14. Long-term Liabilities	524.066.469	54.057.977	39.759.930
15. Total Liabilities (12+14)	749.821.225	77.818.158	56.474.399
16. Foreign currency position (net)	(655.436.489)	(61.218.499)	(55.303.929)
17. Monetary Foreign currency position (net)	(655.436.489)	(61.218.499)	(55.303.929)

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35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

b.3) Interest rate risk management

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group’s interest rate risk is primarily attributable to its borrowings. The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings.

The Group’s financial instruments that are sensitive to interest rates are as follows:

Financial Instruments With Fixed Interest		31.12.2019	31.12.2018
Financial Assets	Time Deposits (up to 3 moths)	123.649.634	92.485.983
Financial Liabilities		962.567.446	972.066.010
Financial Instruments With Floating Interest			
Financial Assets		-	-
Financial Liabilities		258.565.209	198.930.104

Details of credit and receivable risk are as follows:

31 December 2019	Receivables				Cash and Cash
	Trade receivables		Other receivables		Equivalents
	Related parties	Other	Related parties	Other	Deposit in bank
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	7.264.516	46.467.969	4.821.101	2.251.322	129.567.860
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	7.264.516	46.467.969	4.821.101	2.251.322	129.567.860
B. Carrying value of financial assets that are past due but not impaired	-	22.585.489	-	4.394	19.536.529
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	19.206.663	-	2.022.214	-
- Impairment (-)	-	(19.206.663)	-	(2.022.214)	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

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35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

31 December 2018	Receivables				Cash and Cash
	Trade receivables		Other receivables		Equivalents
	Related parties	Other	Related parties	Other	Deposit in bank
Maximum credit risk exposed as of balance sheet date(A+B+C+D) (1)	7.991.935	55.795.389	33.278.031	3.448.831	95.134.129
- Secured portion of the maximum credit risk by guarantees (*)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	7.991.935	55.795.389	33.278.031	3.448.831	95.134.129
B. Carrying value of financial assets that are past due but not impaired	-	22.585.489	-	4.394	19.536.529
C. Net book value of the impaired assets (3)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
- Not overdue (gross amount)	-	12.515.326	-	2.022.214	-
- Impairment (-)	-	(12.515.326)	-	(2.022.214)	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

b.2) Liquidity Risk

The primary responsibility belongs to the board of directors regarding the liquidity risk management. Board of directors has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following schedules detail the Group’s remaining contractual maturity for its derivative and non-derivative financial liabilities. The schedules have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The schedule includes the interests to be paid on the said liabilities.

The analysis of the Group’s financial liabilities with respect to their maturities is as follows:

Current Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	1.323.762.216	1.324.211.105	249.899.232	405.815.590	657.493.959	11.002.325
Bank Loans	1.138.278.149	1.138.278.149	149.511.837	365.313.501	612.450.487	11.002.325
Financial lease liabilities	82.854.506	82.854.506	9.897.325	28.524.285	44.432.895	-
Trade Payables	65.992.526	66.441.415	66.441.415	-	-	-
Other Payables	37.524.453	37.524.453	24.936.072	11.977.804	610.577	-

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35.FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

Prior Year Contractual cash outflows	Carrying value	Contractual cash outflows	1-3 months	4-12 months	1-5 years	Over 5 years
Non-derivative financial liabilities	1.272.431.815	1.273.207.648	220.541.215	302.652.639	716.043.241	33.970.554
Bank Loans	1.072.502.625	1.072.502.625	114.830.753	271.500.583	652.200.735	33.970.554
Financial lease liabilities	97.606.905	97.606.905	8.584.604	27.542.400	61.479.901	-
Other Financial Liabilities	-	-	-	-	-	-
Trade Payables	48.290.133	49.065.966	48.707.432	358.534	-	-
Other Payables	54.032.152	54.032.152	48.418.426	3.251.122	2.362.604	-

**36. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING
DISCLOSURES)**

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Financial Assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Financial Liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

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37.EVENTS AFTER THE BALANCE SHEET DATE

31 December 2019:

Regarding the shares of Egemen Döven in REYASAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. on 02.01.2020, amount of TL 914.572 purchase transaction from the price range of 4,54 – 4,60 TL and/or TL amount of 0 (Zero) sales transaction were made.

Regarding the shares of Egemen Döven in REYASAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. on 04.02.2020, amount of TL 360.214 purchase transaction from the price range of 9,20 – 9,75 TL and/or TL amount of 0 (Zero) sales transaction were made.

Regarding the shares of Egemen Döven in REYASAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. on 04.02.2020, amount of TL 2.166.041 purchase transaction from the price range of 8,50 – 9,33 TL and/or TL amount of 0 (Zero) sales transaction were made.

Regarding the shares of Egemen Döven in REYASAŞ TAŞIMACILIK VE LOJİSTİK TİCARET A.Ş. on 05.02.2020, amount of TL 872.513 purchase transaction from the price range of 10,45 – 10,80 TL and/or TL amount of 0 (Zero) sales transaction were made.

31 December 2018:

As of 1 January 2019, the retirement pay provision ceiling amounting increased from TL 5.434,42 to TL 6.017,60.

1.100 m2 of warehouse which is in the portfolio of Reysaş GYO, located in Kocaeli-Çayırova in 2086 Island 5 Parcel has been rented to "5S Otomotiv Servis Yedek Parça İthalat İhracat San.ve Tic.Ltd.Şti."for 3 years. Rent income from the warehouse will be approximately 1.000.000 TL (VAT included) in 3 years.

2.660 m2 of warehouse which is in the portfolio of Reysaş GYO, located in Kocaeli-Çayırova in 2086 Island 5 Parcel has been rented to "Zanagro Tarımsal Yatırımlar Sanayi ve Ticaret A.Ş." for 3 years. Rent income from the warehouse will be approximately 1.500.000 TL (VAT included) in 3 years.

11.500 m2 of warehouse which is in the portfolio of Reysaş GYO, located in İstanbul-Tuzla in 1990 Parcel has been rented to "Reysaş Antrepo İşletmesi Anonim Şirketi" for 1 years. Rent income from the warehouse will be approximately 4.500.000 TL (VAT included) in 1 year.

Rental contract signed with "Gefco Taşımacılık ve Lojistik A.Ş." in 02.04.2014 for 10.000 m2 of warehouse which in the portfolio in Reysaş GYO, located in Kocaeli-Çayırova in 2085 Island 3 Parcel has been renewed until 31.12.2021. Rent income from the warehouse will be approximately 2.000.000 USD (VAT included) until 31.12.2021.

5.500 m2 of warehouse which is in the portfolio of Reysaş GYO, located in Kocaeli-Çayırova in 2086 Island 5 Parcel has been rented to "Çay İşletmeleri Genel Müdürlüğü (Çaykur)" for 5 years. Rent income from the warehouse will be approximately 14.000.000 TL (VAT included) in 5 years.

2.500 m2 of warehouse which is in the portfolio of Reysaş GYO, located in Kocaeli-Çayırova in 2085 Island 4 Parcel has been rented to "Aksakal Lojistik A.Ş." for 3 years. Rent income from the warehouse will be approximately 2.250.000 TL (VAT included) in 3 years.

5.500 m2 of warehouse which is in the portfolio of Reysaş GYO, located in Kocaeli-Çayırova in 2086 Island 5 Parcel has been rented "Polaris Lojistik Hizmetleri Tic.A.Ş." for 3 years. Rent income from the warehouse will be approximately 7.000.000 TL (VAT included) in 3 years.

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**38.OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS
OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL
STATEMENT**

The financial statements were approved by the Company's Board of Directors on February 11, 2020 for publication in Public Disclosure Platform (KAP). Although this is not the intention, the Company Management and certain regulatory bodies have the authority to amend the statutory financial statements after they are published.